**INTERNSHIP REPORT**

**ON**

**FOREIGN REMITTANCE: PROCESS, PERFORMANCE, AND CHALLENGES**

**A Study on Southeast Bank Limited**



**UNITED INTERNATIONAL UNIVERSITY**



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**Letter of Transmittal**

Date: 11.02.2020

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Subject: Submission of Internship Report

Dear Sir, with a great pleasure I would like to submit the report on Foreign Remittance: Process, Performance, and Challenges – A Study on Southeast Bank Limited, which has been done as the partial requirement of the completion of the BBA Program offered by the School of Business and Economics, United International University (UIU). I express my profound gratitude to my supervisor, Muhammad Hasan Al Mamun, Assistant Professor, United International University, for providing his important instructions, proper suggestions and corrections for improvement. While doing my internship, I have the opportunity to meet all the employees of Sat Masjid Road of Southeast Bank Limited. Almost each of the people I came across had been very helpful. However, if you need any clarification, I will be obligated to provide with further explanation.

Yours sincerely,

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**Acknowledgement**

For making an internship report meaningful and effective, a sincere supervision, and counsel of experts and experienced professionals are required. I have received sincere co-operations, valuable suggestions, inspirations, and references from my respected Teachers and the Executives of Southeast Bank Ltd. First of all, I would like to express my profound gratitude to my supervisor Muhammad Hasan Al-Mamun, Assistant Professor, United International University for providing his important instructions, proper suggestions and corrections for improvement. I like to express my thanks and deepest gratitude to Southeast Bank Ltd. Staff of Sat Masjid Road Branch for giving me the opportunity for the internship program that I have completed. It is my pleasure to extend my heartiest gratitude to (Manager Operations), Quazi Sowkot Imran, Principal Officer, Md Farid Uddin, Executive Officer of Southeast bank Limited, Sat Mosjid Road Branch who, in addition to their wholehearted support, have allowed me to carry out the study in parallel with my regular workload. I would also like to take the opportunity to give my heartfelt thanks to Israt Alom, Senior Officer, Southeast Bank Limited, Sat Mosjid Road Branch for her endless supports and also providing me with all the materials that were required for preparing my report. I will never forget their kind and friendly behaviour. Last of all, my deepest gratitude goes to Almighty Allah for giving me courage and ability to complete this task.

**PREFACE**

Internship is the basic requirement of most of the business study programs. Because it is the practical application of the theoretical knowledge which we have gathered from our business and other allied courses to gain further knowledge and experience about the corporate professional business activities. It equips us with the necessary knowledge, skills and values of business culture which are the basic requirements of the business professional and which also help new graduates to perform professionally as they get their first step in their practical professional life. For this reason, I was placed at Southeast Bank Limited, Sat Masjid Road Branch, Dhaka where I have done my 12-week internship. During my internship I have gained a lot of knowledge about Banking Operations under the supervision and guidance of my internship supervisors. During my whole duration I worked with general banking and foreign remittance section of the branch and was thoroughly briefed about the procedures by the concerned officers. My internship report contains about foreign remittance performance, process and challenges. Moreover, a brief section is also added for the purpose of shading light on how foreign remittance is contributing on the Gross Domestic Product (GDP) of Bangladesh in particular, to overall development of the country in general.

**Executive Summary**

Southeast Bank Limited (henceforth, SEBL) formed under Companies Act, 1994 on the 12th of March, 1995, is a leading private commercial bank. It intends to provide comprehensive and competitive banking service to its clients through its countrywide network of 115 branches. SEBL began its operation at the main branch with three of its core departments, namely General Banking, Advances and Foreign Exchange. Its growth and increase in profit are imposing. It operates with a catchy slogan that it is 'A bank with vision'. Its product portfolio includes products innovated according to the needs and preferences of its clients, which are beneficent to clients while being profitable for the bank itself. The product-basket encompasses Islamic Banking, Merchant Banking, Dual Currency Visa Credit Card, Visa Travel Card, ATMs, Education Loan Scheme, Double Benefit Scheme, Consumer Loan, Millionaire Deposit Scheme, SME Banking, Corporate Banking, Syndicate Loan, Monthly Savings Scheme, Monthly Income Scheme, Pension Saving Scheme, Wage Earners' Pension Scheme, SMS Banking, Fixed Deposit Receipt (FDR), etc.

Additionally, SEBL has traditional credit and foreign trade related services. I have critically reviewed the various foreign remittance activities of Southeast Bank Limited, Sat Mosjid Road Branch throughout my overall study. My critical analysis covers remittance performance, process and challenges in SEBL. I have also reviewed the trend analysis of data collected from the annual reports of SEBL. It also includes a study of the performance of remittance in Bangladesh and its contribution to the Gross Domestic Product (GDP) of Bangladesh.

Foreign remittance is a transfer of money from a foreign worker to their family or other individuals in their home countries. Remittances can be sent via a wire transfer, electronic payment system, mail, draft, or check. Remittances can be used for any type of payment including invoices or other obligations. But the term is typically used to refer to money sent to family members back in a person's home country. The government has started giving an incentive of 2% in remittance sent by expatriate Bangladeshi to encourage them sending money through legal channels.

Several tech startups have developed applications to facilitate foreign remittances by making the process more user-friendly, as well as removing high costs associated with some traditional formats like MoneyGram and Western Union. Two such examples are TransferWise and Wave. Both apps charge relatively low fees and exist outside of traditional banks. The United States is the leading source of foreign remittances, followed by Russia and Saudi Arabia.

**Key Words**: Foreign Remittance, Southeast Bank Limited

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# Introduction

## Banking Sector of Bangladesh

Bangladesh is a developing country with a weakened banking system, particularly in terms of the services and customer care by the government run banks. In recent times, private banks are trying to emulate the banking structure of the more developed countries, but this try is often foiled by inexpert or politically driven government policies carried out by the central bank of Bangladesh, Bangladesh Bank. The outcome is a banking system replete with corruption and illegal monetary laundering etc. by the politically power and criminals, while at the same time making the winning of services or the performance of international transactions hard for the normal citizens, students studying abroad or through distance learning, and general customers.

The Bangladesh banking sector relative to the size of its economy is analogously larger than many economies of similar level of evolution and *per capita* income. The total size of the sector at 26.54% of GDP dominates the financial system. Bangladesh Bank is the Central Bank of Bangladesh and the principal manager of the sector.

There are 57 scheduled banks in Bangladesh that run under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. The sector comprises a number of banks in various categories. Considering ownership, the sector can be classified in to the following categories –

* State Owned Commercial Banks (SOCBs),
* State Owned Development Financial Institutions (DFIs),
* Private Commercial Banks (PCBs) and
* Foreign Commercial Banks (FCBs)

The Nobel Prize winning Grameen Bank is a specialized micro-finance institution that exemplifies the idea of microcredit revolution and a major contribution to poverty alleviation and empowerment of women in Bangladesh.

## Banking Industry Overview

The banking industry is in a much healthful place now than it was after the financial disaster of 2008. Total global benefit climbed to $124 trillion in 2018, according to The Banker's Top 1000 World Banks Ranking for 2018. With so much money to manage, major banks such as JPMorgan Chase, Bank of America, Wells Fargo, and more are releasing new quality to attract new customers and keep their existing ones. On top of that, start-ups and nonbanks with rowdy technologies are breaking into the scene, and traditional banks are either rival with them or merging with them for the betterment of their services.

So, let's dive into the banking industry, the challenges it faces, and the go ahead.

## Banking Industry Trends

The most usual trend in the banking industry today is the shift to digital, exactly mobile and online banking (more on each of those in a bit). In today's era of unprecedented benefit and speed, consumers don't want to have to trek to a physical bank branch to handle their transactions. This is especially true of Millennials and the older members of Gen Z, who have started to become the ruling players in the workforce (and the biggest earners).

This digital transformation has led to growing competition from tech start-ups, as well as consolidation of smaller banks and start-ups. In 2018, overall *fintech* funding hit $32.6 billion by the end of Q3, up 82% from 2017's total figure of $17.9 billion, according to CB Insights.

### Mobile Banking

To be frank, mobile banking is all but a need for customers at this point. In Business member Intelligence's Mobile Banking Competitive Edge Study in 2018, 89% of respondents said they use mobile banking, up from 83% in 2017.

When broken down by generation, 97% of millennials use it (up from 92% in 2017) 91% of Gen Xers (up from 86%) and 79% of Baby Boomers (up from 69%). Critically for the banks themselves, 64% of mobile banking users told that they would research a bank's mobile ability before opening an account, and 61% say they would change banks if their bank provided a poor mobile banking experience.

But we've now run to the point where simply having a mobile app isn't enough for banks to charm and keep customers. Additional tools and features – such as the ability to put temporary holds on cards, view happen again charges, or scanning a fingerprint to log into an account are becoming increasingly needed. Take a look at the chart to the right to see how importance these features and more are to customers.

### Online Banking

Online banking is extremely suitable, and is understandably one of the two main ways that consumers interconnect with their banks (along with mobile banking). But there is still a significant contingent of banking customers who want physical branches.

Despite a prominant reliance on digital banking channels overall, and the resulting decline in branch visits, consumers has kept a preference for depositing checks in-branch, according to a recent *Fiserv* study. More than half (53%) of respondents said their top reason for visiting a branch in the past month was to deposit a check, compared with 41% who went to withdraw cash, and 36% who went to deposit cash.

Still, there's no refusing the rising currency of online banking, which has led to other innovations such as open banking. This system, implemented in the U.K., requires sharing customers' financial information electronically and securely, but only under conditions that customers approve.

Open banking forces lenders to offer a digital "fire hose" of data that any third party can use to get standardized access gives the start-up is registered with the UK Financial Conduct Authority (FCA) and the consumer agrees to share their data.

### Investment Banking

Investment banking is a type of financial service in which a people or company advises individuals, businesses, or even governments on how and where to invest their financial assets. For decades, this has been a human-to-human action that led to a mutually beneficial relationship.

But now, with the rise of robot-advisors, artificial intelligence (AI) is starting to invade the money management space. Predictive analytics can help investors make wiser and more profitable decisions before the market moves. AI can, in some cases, also help identify M&A targets. Lastly, AI can help proved an investment banker's hypothesis and lead to more informed future decisions.

## 

## Banking as a Service (BaaS)

There is a tight regulation; not everyone can just open a bank. This is where banking as a service (BaaS) comes in to fill the gap.

BaaS platforms enable *fintech* and other third parties to connect with banks systems via APIs to open banking offerings on top of the providers regulated infrastructure. So, launching BaaS platforms works banks interest from fintech’s entering the finance space, as it turns them into customer rather than just competitors.

While BaaS technologically falls under the umbrella of open banking, it shouldn't be confounded with the aforementioned Open Banking system in the U.K. Open banking inscapes all actions in which a bank opens its APIs to third parties and gives those players access to data or functionality. The UK's Open Banking focuses on giving third parties with data from incumbent banks, while BaaS looks at how these players can get access to banks' services.

## Banking Regulations

Banking is involved in almost every aspect of modern life, from customers to businesses to stocks. Because of this, the governments around the world have instituted numerous regulations on the banking industry, though the severity of those restrictions has waxed and waned in the last decade. After the financial crisis of 2008, the Obama administration enacted the Dodd–Frank Wall Street Reform and Consumer Protection Act in 2010. Dodd-Frank overhauled the U.S. financial regulation system in the aftermath of the crash. The most expensive and strong changes from the act included.

The elimination of the Office of Thrift Supervision:

* The creation of the Consumer Financial Protection Bureau (CFPB) to save consumers against abuses and dirty practices tied financial services and products such as credit cards and mortgages
* The reassignment of in charge of for agencies such as the Federal Deposit Insurance Corporation
* The design of the Financial Stability Oversight Council and the Office of Financial Research to analyse potential threats to U.S. financial stability
* The growth of the Federal Reserve's powers to regulate particular institutions

In 2018, resent President Donald Trump signed into law the Economic Growth, Regulatory Relief and Customer Protection Act (EGRRCPA), which rolled back some of the Dodd-Frank changes. Specifically, EGRRCPA elevated the threshold under which the federal government deems banks too main to the financial system to fail from $50 billion to $250 billion.

## Banking Industry Analysis

With so many different facets of the banking industry undergoing change, it's crucial for those joined to the banking industry to be said and stay ahead. That's why Business Insider Intelligence is launching Banking, our latest research coverage area, to keep you up to date on the new banking trends and shakeups.

# Company overview:

Southeast Bank Limited was established in 1995 with a vision to become a pioneer banking company of the country and contribute remarkably to the growth of the national economy. Southeast Bank Limited is an organized commercial bank in the private sector started under the territory of Bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995.

The Bank was started by leading business personalities and illustrious industrialists of the country from various sectors of the national economy. The Bank is successful in positioning itself as a growing and active financial institution in the country. The Chairman of the Bank is Mr. Alamgir Kabir, FCA is a professional Chartered Accountant.

Southeast Bank is run by a team of efficient professionals. They produce and design an environment of trust and discipline that motivates everyone in the Bank to work together for achieving the objectives of the Bank. The culture of encouraging congenial work - environment in the Bank has further enabled the staff members to benchmark themselves better against management’s expectations. A commitment to good and standard in service is the hallmark of their identity.

Southeast Bank takes pride for reading women into the banking profession in a significant number for gender equality.

## Bank Profile:

Southeast Bank Limited has been licensed by the Government of Bangladesh as a Scheduled commercial bank in the private sector in execution of the policy of liberalization of banking and financial favours and kindness in Bangladesh. In view of the above, the Bank within a period of 14 years of its operation reached a remarkable success and met up capital adequacy need of Bangladesh Bank. It has been growing fast as one of the leaders of the new generation banks in the give sector in respect of business and profitability as it is evident from the financial statements for the last 14 years.

Southeast Bank Limited has 56 branches throughout Bangladesh and its sight is to be the leading bank in the country’s principal markets. The bank by concentrating on the occupation in its area of specialization has achieved great market repute with efficient consumer service. The Bank is committed to giving continuous training to its staff to keep them up to date with new practices in their respective fields of work. The Bank also tries to fulfil its share in community responsibilities. By such calculates the Bank intends to rise and increase shareholders’ earning per share. Southeast Bank Limited pledges to maximize customer needs through services and build a good relationship with consumer, which has stood the test of time for the last fourteen years.

## 

## Vision of SEBL:

It is especially important for managers and executives in any company to agree upon the given vision that the firm strives of active in the long term. A clear vision gives the foundation for developing a comprehensive mission statement. So, the vision statement should be established according to the vision espoused by the organization. Southeast Bank has established their vision statement to encourage their long-term Objectives, their vision is to stand out as a pioneer banking institution in Bangladesh and contribute significantly to the national economy.

## Missions of SEBL:

A business mission is the foundation for priorities, strategies, plans and work assignment. Nothing may seem simpler or more obvious than to know what a company’s business is. Southeast Bank is very much concerned about their mission because divergent views among managers can only be revealed and resolved through the mission statement. Their mission statement emphasized on the following issues:

* Good quality financial services with the help of latest technology.
* Fast & accurate customer service.
* Balanced growth strategy.
* High standard business ethics.
* Steady return on shareholders' equity.
* Innovative banking at a competitive price.
* Deep commitment to the society and the growth of national economy.

## **Core Values of SEBL**:

* + Integrity
  + Respect
  + Fairness
  + Harmony
  + Team Spirit
  + Courtesy
  + Commitment
  + Service Excellence
  + Insight and Spirit
  + Enthusiasm for Work
  + Business Ethics

## Core Strengths of SEBL:

* + Transparent and Quick Decision Making
* Efficient Team of Performers
* Satisfied Customers
* Internal Control and Compliance
* Skilled Risk Management • Diversification

## **Core Competencies of SEBL**:

* + - Knowledge
    - Experience and Expertise
    - Customer Focus
    - Transparency
    - Determination
    - Zeal for Improvement
    - Reliability
    - Pursuit of Disciplined Growth Strategy

## **SEBL Services**:

* + - General Banking Services.
    - Accounts Opening.
    - Account maintaining.
    - Account closing.
    - Issuing Pay order.
    - Bank draft.
    - Demand draft.
    - Opening of Fixed Deposit.
    - Clearing of Bank cheques.

## Foreign Exchange Business Services:

## 

* Letter of credit
* Parties to Letter of Credit
* Operations of Documentary Letters of Credit
* L/C Application
* Scrutiny of Documents
* Scrutiny of L/C Application

## **Investment Services**:

* Investment Scheme for Doctors
* Small Business Investment Scheme
* Housing Investment Scheme
* Small Transport Scheme
* Car Loan Scheme
* Transport Investment scheme
* Agriculture implements investment Scheme Rural Development Scheme

## Other Consumer Savings Schemes:

* Pension Savings Scheme (PSS)
* Education Savings scheme (ESS)
* Marriage Savings Scheme (MSS)

## Sanchaypatra (Saving Certificate) schemes:

* Eight years Protirakha Sanchaypatra (PSP)
* Five years Bangladesh Sanchaypatra (BSP)
* Sanchaypatra Interest on half yearly rest (SP)
* Sanchaypatra Interest on quarterly rest (SP)

## Technology:

At recent time, all banking transactions of Southeast Bank are fully automated. Moreover, all account of trade and operations are being done through computers and other automation tools Such as ATM, SWIFT. The bank is the member of the shared ATM Network provided by Electronic Transaction Network ltd. (ETN). At present 25 ATM booths are available all over Dhaka city and in the cities of Chittagong and Sylhet.

In order to give round-the-clock and correct information on the bank to the business community all over the world, the bank has a web page which can be accessed under the domain name: www.southeastbank-bangladesh.com. The Bank has made an agreement with Square Informatics Ltd to have real time on-line transaction facility. The bank facilitates its clients to deposit, draw or remit funds from their accounts from one branch to another by providing on-line banking services.

# Management of SEBL:

For any financial and non-financial organization, management is the most valuable and important resources of any kind of organization. And, a well-organized management gives the organization a good chance to reach its ultimate goal. Management means planning, organizing, staffing, directing and controlling of all financial and non- financial recourses of an organization. Different aspects of managemenat practice in SEBL are discussed below.

## ****Planning:****

SEBL have done its practise within the preview of the corporate plan. The overall planning approach in SEBL is top-low. Each branch can plan according to the goal imposed by the corporate level. It doesn’t plan independently. And, SEBL has a planning division. This is mainly responsible for the overall planning.

## ****Organizing:****

SEBL is organized as per the existing business area. It has fifty-three branches, each of which is a separate entity. Each unit is responsible for its practice and each is headed at least by a high assistant vice president (SAVP) in designation followed by manager (operations). He is clearly responsible for the performance of their unit. Within each branch, it is organized functionally.

## ****Staffing:****

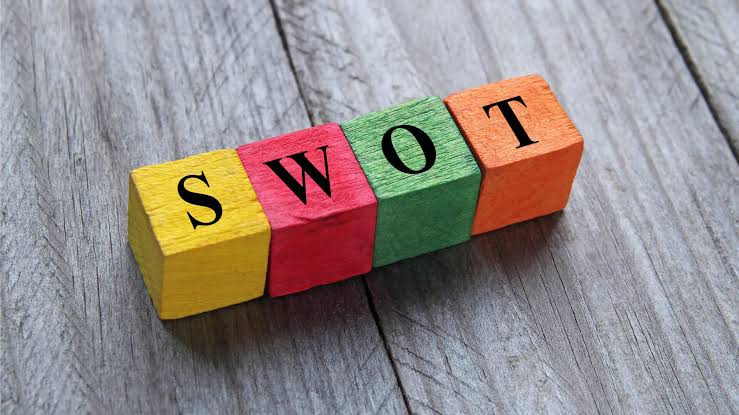
The recruitment in SEBL is practised in two ways. One as a “*provisional officer*” for the management program and it has a probation period of two years. Another one is non-management level as “*trainee officer*”. Provisional officers are recruited in officer capacity and their career path is headed towards various managerial jobs.

## ****Directing:****

The management approach in SEBL is top-down or authoritative. Each information just seeks through lower management layer. Works are designed in such a way that one cannot leave without clearing the task as he is assigned for a day. Sitting arrangement in all office is done in way that the superior can monitor the surrounding all time. Management (HOB) and manager operation all time watch the operation of the bank through CC camera. Security is maintained properly. Budgeting, rewarding, punishing etc are also practice as control program.

# SWOT Analysis:

SWOT analysis facilitates the organization to make their existing line of performance and also foresee the future to improve their performance in comparison to their competitors. As though this tool, an organization can also study its current position, it can also be considered as an important tool for making changes in the strategic management of the organization.



## STRENGTHS

SEBL has already set up a remarkable reputation in the banking industry of the country with its significant business growth. Within a period of 14 years, SEBL has already started a firm footing in the banking sector having tremendous growth in the gains and deposits. All these have led them to earn a reputation in the banking industry of the country.

SEBL is enjoying upward trends in profitability which can indicate the fact that the bank is growing to its potential year by year and achieving business objectives quite steadily in the years past.

They are enjoying a high growth rate accompanied by an impressive profit growth rate in the years past. The number of deposits and the loans and advances are also increasing rapidly from year to year.

Southeast Bank Limited has significant financial resources to run the banking business. It is expected that in the near future the Bank’s financial resources will get much stronger.

## ****WEAKNESSES****

The bigger irony is that despite claiming to be “A Bank with Vision” which is used as its advertising platform and mission statement, the bank as of today has failed to activate a prescribed set of vision as it remarks in to the cyber age of twenty first century. The bank still could not identify the core area of business and where it should concentrate in its business, as the new millennium is about to start. The bank does not have any long-term strategies of whether it wants to focus on retail banking or become a corporate bank. Unofficially, retail banking is growth is low but at the same time the bank is not being able to pull itself away from retail banking. At the same time SEBL has wanted to be a full-fledged corporate bank. The path for the future should be determined right now.

Significant shortage in capital adequacy is another major setback that Southeast bank Limited is facing in recent years. Its capital adequacy ratio is just above the requirement of 9.00% set by Bangladesh Bank and this aspect needs to be improved.

Recently there are “Too many heads but few hands.” Again, this is related to the problem of reference appointment. There are people who are only growing salaries at the end of the month but making a minimum or no contribution towards the organization. On the other hand, there are officers who work hard but are not apprised accordingly.

## ****OPPORTUNITIES****

SEBL can pursue a diversification strategy in growing its current line of business.  The management can consider options of starting client servicse in its merchant banking division. There are several opportunities for SEBL to expand its product line. In this competitive environment SEBL must expand its product line to increase its Sustainable Competitive Advantage (SCA). As a part of its product line proliferation, SEBL can concentrate more on SME & Agro-Based industrial loan because these two sectors have huge potential. If SEBL can grab this opportunity then it will be better for the bank.

SEBL should move towards the real time on line banking operations. It is high time that they should go for this because the foreign banks as well as some local banks are already total on line banking operations.

## ****THREATS:****

Multinational Banks: The emergence of the multinational banks and their expanding expansion poses a potential low to the new PCBs (Private Commercial Banks). Due to the booming energy sector, more foreign banks are expected to come in Bangladesh. Moreover, the already coming foreign banks such as Standard Chartered are now pursuing an aggressive branch expansion strategy. These banks have started establishing more branches in the countrywide and are expected to get into for operation soon. Since the foreign banks have tremendous financial strength, it will pose a threat to local banks to a certain extent in terms of grabbing the lucrative clients.

Upcoming Banks: The upcoming private local banks can also pose a threat to the existing PCBs. It is thought that in the next few years more local private banks may emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to compete against an on slaughter of foreign banks.

Mergers and acquisitions: The worldwide trend of mergers and acquisition in financial institutions is causing concentration in power in the industry and competitors are increasing in power in their respective areas.

Contemporary Banks: The contemporary banks of SEBL such as Dhaka Bank, Prime Bank Eastern Bank and Dutch-Bangla Bank are its major rivals. Prime Bank and others are carrying out aggressive campaign to attract lucrative corporate clients as well as big time depositors. SEBL should remain vigilant about the steps taken by these banks as these will in turn affect SEBL strategies.

# Major Job Responsibilities

I did my three-month internship program in Southeast Bank Ltd, Sat Mosjid road branch. During my internship program, I gained lots of experience about corporate environment. My internship experience is given below-

1. Internship Position,
2. Duties & Responsibilities

The report has been prepared on the basis of experience gathered during the period of internship. Within this time of period, I worked with two departments namely:

1. General Banking and
2. Foreign Exchange department.

Bank does not follow any guidelines or any fixed responsibilities for internship student. Mainly I have done many pending works of the account opening section and clearing section. I also helped Accounts opening form fill up and endorsement. Besides that, I have done different types of tasks in different desks whenever they assigned me to do.

## Account Opening Department

I worked with Southeast Bank Limited, Sat Masjid road Branch where I worked-

Firstly, I worked with the account opening department. Here I have learned the procedure of opening an account and the documents that are needed for opening an accounts & types of accounts allocated by Southeast Bank Limited.

Secondly, I learned how to proceed a pay order and what are the necessary documents needed to do it.

Thirdly, I learned how to open a Fixed Deposit Receipt (FDR).

Fourthly, I learned how to open savings account and current account.

These are the following activities which are done by me:

* To file different account forms in different files.
* To sequencing that forms in different files.
* To fill up Know Your Customer (KYC) form.
* To find out the irregularity of different accounts.
* To close accounts and file, them up for record.

I also worked partially in the clearing department. In clearing department, I helped the clearing officer to file the cheques to keep records and learned how the clearing process is operated.

## Foreign Exchange Department

As in this internship period, employees introduced to me all the necessary procedures of proceeding remittances to the respective recipients. There are total 35 exchange houses which are incorporated with southeast bank limited, but only 25 houses are currently active.

Remittance performance and process of SEBL: Our 10 million expatriates are a source of pride for Bangladesh. They represent us abroad by building our image. They also spread the richness of our cultures across the globe. In that sense, they are the ambassadors of goodwill for Bangladesh.

The foreign exchange they send home is the second largest source of much needed foreign exchange for our economic development. In fact, if we adjust import costs against export earnings of the garments sector which brings highest amount of foreign exchange to the national economy, remittance will figure as the single largest source of foreign exchange for Bangladesh.

Southeast Bank Limited is continuously striving to build its remittance business by rendering quality services through a network of reputed banks and exchange houses around the globe along with an extensive network in the country to deliver money to the beneficiaries in the safest form and quickest possible time.

# Features of SEBL Remittance Services

SEBL give some services to the Clients. These services are mentioned below:

* No service charge from beneficiaries in Bangladesh.
* Instant Cash Withdrawal facility from any branches of Southeast Bank
* Confidentiality of transactions
* Instant credit to beneficiary’s accounts with Southeast Bank

Same day cash withdrawal give facility from the branches of-

* One Bank,
* Mutual Trust Bank,
* Jamuna Bank,
* Al-Arafah Islami Bank,
* BRAC Bank,
* Bank Asia,
* Shahjalal Islami Bank,
* Mercantile Bank and
* First Security Islami Bank

Same day cash payment facility from 600 outlets of reputed

* NGOs (RDRS, Society for Social Services – SSS and
* Jagorani Chakra Foundation - JCF)

Direct communication with both Sender and Receiver for solving queries relating to cash payment/account deposit. (if any).

Disbursement of foreign remittance through ATM booths using My Remit Card

Provide Anti-Money Laundering (AML) and Combating Terrorist Financing (CTF) advice.

# Remittance Section:

Remittance means transfer of fund. If we pronunciations of the word “Remittance” we understand transfer of fund through a Bank from one place to another place which may be executed the country or between two countries. Remittance which is affected within the country is called Local Remittance and which is affected between two countries is called Foreign Remittance. Remittance plays a vital role in the development of the country. Without effect of remittance no country can develop her. Bangladesh is rich enough in respect of human resources. So Inward Remittance has great importance in our country. Below discuss in shortly.

## Inward Remittance:

The remittances, which are received from abroad and paid to the beneficiary, are Inward Remittance. In ward remittance are mainly received in US Dollar, pound sterling and Taka Currency. Very few remittances in miscellaneous currencies are also received.

Mode of inward Remittance:

1. T.T ———- Telegraphic Transfer.
2. M.T ——— Mail Transfer.
3. D.D ——— Demand Draft.
4. P.O ———- Payment Order.
5. I.M.O ——– International Money Order.
6. T.C ———- Traveller’s Cheque.

## Outward remittance:

The Remittance in Foreign Currency which are affected from our country to abroad is called outward remittance. Form remitter’s point of view is called outward Remittance and from payee’s point of view is called Inward Remittance.

Mode of outward remittance: The Remittance may be made by means of T.T, D.D& T.C, etc. Ideation to these the sale of Foreign Currency under letter of credit against retirement of bill is include as outward remittance.

## ****International and Foreign Exchange Business:****

One of the most businesses of the International Division is Foreign Exchange dealing. Southeast Bank Limited earned substantial amount from this wing’s operation. Southeast Bank Limited has already started correspondent banking relationship with many important countries of the world to facilitate cross border trade and payment.

## Import Section:

Imports of merchandise include two things: bringing of goods physically into the country and remittance of foreign exchange giving the cost of merchandise and services. In case of Imports, the importers are asked by their exporters to open a letter of credit so that their payment against goods is ensured. Documentary credit has emerged as a vital system of trade payment. It is a key player of foreign trade. This Department is mainly done two tasks:

* Import
* BLC

## Export Section:

According to Foreign Exchange Regulation Act, 1947, nobody can export by post and otherwise than by post any goods either directly or indirectly to any place outside Bangladesh, unless a declaration is furnished by the exporter to the collector of consumer or to such other person as the Bangladesh Bank may specify in this behalf that abroad exchange representing the full Export value of the goods has been or will be disposed of in a manner and within a period specified by Bangladesh Bank. Payment for goods exported from Bangladesh should be received through an Authorized Dealer in freely convertible foreign currency or in Bangladeshi Taka from a Non-Resident Account. The Export section deals with two types of Letter of credit that are as follows-

* Export Letter of Credit
* Back-to-Back Letter of Credit

# Global Partners of foreign remittance

There are lots of global partners of foreign remittance site. These sites are used for the transection of money. Some of these sites are mentioned below-

* Western Union Money Transfer Services
* Continental Exchange Solution (Ria Financial Services)
* Money Gram International
* Xpress Money Services
* Trans-Fast Remittance LLC

## UK based Money Transfer Companies:

* K.F. Money Transfer
* Khan Money Transfer UK Exchange
* Bangladesh Money Transfer (UK) Limited Exchange
* Aftab Currency Exchange
* Eastern Union Money Transfer

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## UAE based Money Transfer Companies:

* Al Ahalia Money Exchange Bureau
* Al Fardan Exchange
* UAE Exchange Centre LLC
* Wall Street Exchange Centre LLC
* Al Ansari Exchange
* Habib Exchange Co.LLC
* Lulu International Exchange
* Malik Exchange UAE

## Sultanate of Oman based Money Transfer Companies:

* Oman & UAE Exchange Center & Co
* Asia Express Exchange

## USA based Money Transfer Companies:

* Wall Street Finance LLC
* US Money Exchange

## K.S.A (Kingdom of Saudi Arabia) based Banking Partners:

* National Commercial Bank
* Al Rajhi Banking Corporation
* Bank Al-Bilad

## Italy based Money Transfer Company:

* National Exchange SRL

## Most Using Exchange House at SEBL:

* Western Union Money Transfer Services
* Continental Exchange Solution (Ria Financial Services)
* Money Gram International
* Xpress Money Services
* Trans-Fast Remittance LLC
* Aftab Currency Exchange
* Small World
* BRAC Seejan (SORM)

# Analysis of Remittance data of Southeast Bank Limited (SEBL):

**Chart-1**

Chart 1 shows a steady growth of remittance performance of SEBL over a period of 10 years since 2009 subject to some anomalies. There was a huge increase in 2010, 2015 and 2016.

The period from 2011 to 2015 witnessed a positive growth in performance. 2015 still remains the benchmark or the peak for performance of SEBL regarding remittance. The year 2018 shows that the performance is almost close to regaining its earlier position in 2016 after a continuous negative growth in 2017 and 2018. On the other hand, according to Bangladesh Bank sources indicate that Bangladesh has not witnessed any negative growth in the aforementioned period. Perhaps, it was due to some internal managerial lacking regarding the foreign exchange department, which has not been disclosed to me by the officials of SEBL.

# Remittance Flow in Bangladesh

Remittance is the life line of Bangladesh economy. It has been calculated that more than 7 million Bangladeshi expatriates (Non-Resident Bangladeshis-NRB) are working in the Middle East, Malaysia, Singapore, Korea, USA, Canada, UK, Europe, Australia, New Zealand, etc. The figure is expected to be a lot more if the illegal migrants are taken into consideration.

In spite of the ongoing political and diplomatic crisis in the Middle East and economic recession in the United States and Europe, Bangladeshi overseas workers remitted $20.62 billion, a record in the country’s history, in June 13, 2015, marking more than 10 per cent growth over that of the previous calendar year.

Moreover, Bangladesh has maintained a steady 6% plus growth over most of the last 10 years with the aid of strong export and remittance growth. The consequent development impacts of remittances, as earnings of transfer of wealth, on socioeconomic factors are increasingly viewed with significance.

Remittances have helped improve the social and economic indicators like nutrition, living condition and housing, education, healthcare, poverty reduction, social security, and investment activities of the recipient households. The weight of remittances has also amplified against most of the macroeconomic variables along with the contribution to the GDP.

The Government of Bangladesh is introducing a specialized bank named “Probashi Kallyan Bank” presently for offering customer friendly services to the NRBs and overseas migrant workers. It aims to provide swift and safe remittance of their wages, which will boost the remittance flow in Bangladesh by encouraging NRBs to prefer formal methods of money transfer rather than informal means of money laundering.

## The Reasons for Such Robust Growth Can be Summarized as:

Here the reasons can be briefly summarized below:

* Stable macro-economic indicators including GDP growth
* Steady growth in manpower export specially in the middle east
* Substantial devaluation of the local currency
* Rapid urbanization
* Development of new remittance corridors in Australia and part of Europe and Africa
* Increased focus of Central Bank and the Government to channel funds through formal channels
* Increased competition among financial institution to grab market share
* Aggressive marketing policy adopted by Banks to increase their share of wallet
* Expansion of branch network of various commercial banks
* MFIs involvement in channelling remittance funds in remote areas
* Participation in the UN peace keeping missions and
* Anti-Money Laundering rules and regulations came in force.

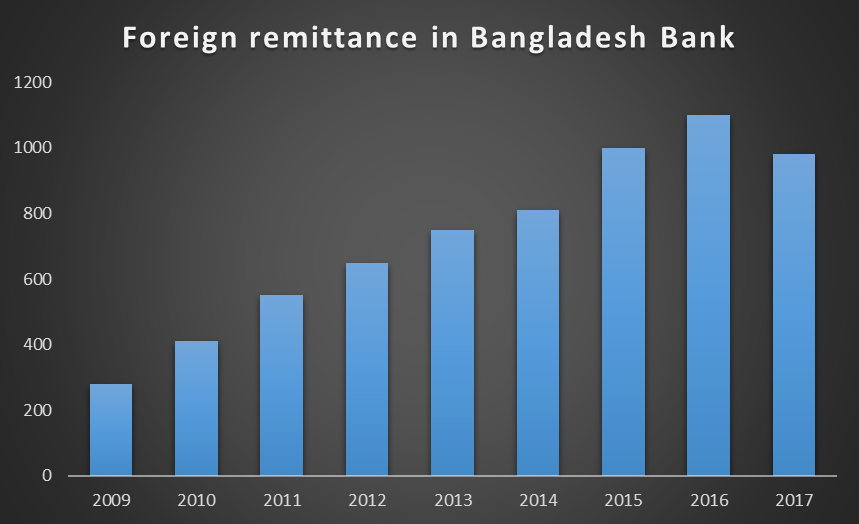
However, the market is still trying to improve in terms of service quality, cost structure, and transaction risk. Moreover, a huge portion of remittances is still being transferred through illegal means, which is locally known as "Hundi" due to existing imperfections or inefficiencies of the formal means.

However, the government and the central bank are very keen in tackling money laundering. As such, an amendment bill for the Money Laundering Prevention Act, 2012 proposing 4 to 12 years imprisonment and a fine of Taka 2 million or at least double of the laundering amount or assets, whichever is higher, is awaiting Parliamentary recognition.

Most of the remittances sent to our country are used for various livelihood purposes, such as disbursement of small loans, living expenses, business start-up costs, medical treatment and funds for asset purchases. The fast disbursement of money through e-Remittance System is attracting new un-banked customers especially in the rural and sub-urban area who previously depended on informal channels. At present, only a fraction of remitters send remittance through illegal channels because the foreign exchange houses are offering competitive exchange rates and also because of the safety and reliability in banking transactions.

### Chart -2

The graph give below shows the remittance performance of Bangladesh which has been gathered from Bangladesh Bank (BB). we can notice that after 2012 the growth went extraordinary. So, we can now say that people rely more on banks than other mediums.



**Chart -2,**

Steps that had resulted in the improvement of Remittance Process: Government as well as private sector has undertaken various strategies to make remittance transfer easier and hassle free. Now, the Nationalized Commercial Banks (NCBs) have few overseas branches/remittance wings for transferring remittances. The private commercial banks (PCBs) are providing fast and reliable services while some have been able to establish overseas branch or correspondence relationship with Banks/Exchange Houses. Local banks are now able to deliver money to recipients within a working day. Recently, illegal transfer of money slid down drastically, as Bangladesh Bank (BB) has stepped up monitoring of such transactions at home and also due to the anti-money laundering legislations and policies of the Government.

# 2% Incentive of Foreign Remittance:

The government of Bangladesh recently proposed a 2% incentive for the expatriate community from financial year 2019-20, in an effort to encourage more foreign remittance into the country.

Prime Minister Sheikh Hasina, while presenting the country’s budget stated that the cash incentive will only apply to money that is sent into the country through legal remittance channels.

Although Bangladesh saw a 6.92% dip in remittance inflow in August, officials are positive that this is not a cause of worry as remittances normally drop after Eid.

The country has seen its remittance inflow triple from USD 4.9 billion in 2005-2006 to USD 15 billion in 2018. The exchange rate of the Bangladeshi Taka (BDT) against the US dollar is also an added advantage for remitters and should encourage them to send money through legal channels.

## Regulations to receive the cash incentive

As per a notice issued by the Central Bank, beneficiaries will receive a direct 2% incentive for transfers of up to USD 1500 without any verification. However, for amounts exceeding USD 1500, they will have to show valid supporting documents; to prevent the misuse of money.

For higher values, beneficiaries will need to show the remitter’s passport, an appointment letter from the employer, and a certification from the Bureau of Manpower, Employment, and Training (BMET). In the case of businesspersons remitting amounts exceeding USD 1500, their beneficiaries need to produce a copy of the business license.

If beneficiaries fail to submit the required documents instantly they have are given a period of five days to submit the documents, after which the beneficiary will be entitled to receive the cash incentive. If remitters or beneficiaries are found violating these rules, they will not qualify to receive any incentives in future.

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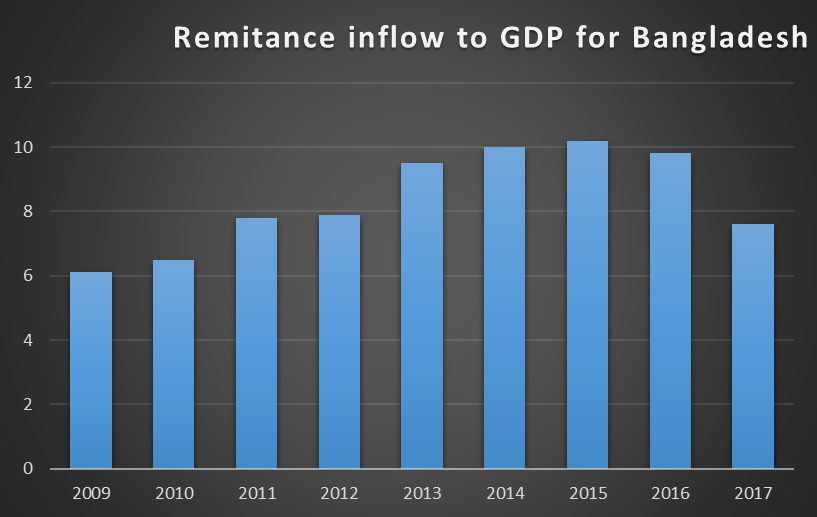
# Economic Benefits

Remittance has economic benefit both at macro and micro level. In 2004, the formal remittances contributed 6% of GDP. The contribution of remittances to Gross National Income has grown substantially in the last decade to around 10.5 per cent of GDP in 2011. Currently around 14 percent of Bangladeshis work overseas (according to 2012 statistics by World Bank).

The majority of Bangladeshi migrants abroad is unskilled, and originates from rural areas and poor community. The poorer the household, the more impact or benefits remittance income can have alleviating poverty. Remittances allow the poor people to increase expenditures on both durables and non-durable products, and provide them with protection against negative income shocks. Thus, poverty rate in Bangladesh has declined over the years with the growth in remittance.

At the community level, remittances generate multiplier effects in the local economy, creating jobs and spurring new economic and social infrastructure and services. At the national level, remittances provide foreign currency and contribute significantly to GDP.

The chart below shows the contributions of remittance as a percentage of the Gross Domestic Product. The percentage has grown from 6% in 2003 to 10% in 2008 and since then the percentage has remained approximately at 10%.



# Conclusion

After a prolonged observation in my three months long internship at the Sat Mosjid Road Branch of Southeast Bank Limited, I was very much excited to prepare this internship report. In this period, I have tried to access the skills of customer relation and also tried to adapt with the corporate culture. In this report, I have attempted to cover one of the key areas of banking namely Foreign Remittance Process which falls under the Foreign Exchange Division. Foreign Remittance Process in SEBL contributes a lot towards the economic development of the country by the efficient distribution network of remittance, which is very much satisfying to the customers. The banking service of the SEBL is being automated day by day and SEBL is preferred by customers for its service-oriented business policy. I tried my best to introduce to the branch office despite some limitations. The friendly work atmosphere present at this particular branch of SEBL has inspired me to work even harder. I hope the skills that I have tried to gain by working at that branch will further my career in a meaningful way. I would like to acknowledge the continuous efforts of my supervisor and the other officers of the bank at that said branch in allowing me to obtain these skills despite their huge workloads. I would also like to appreciate my advisor’s effort in providing me with invaluable advice and also for giving me such an excellent opportunity to be introduced to corporate culture. Lastly, I wish continuous success of this bank.