

INTERNSHIP REPORT

“An Analysis of Letter of Credit Procedures at Jamuna Bank PLC and Their Impact on the RMG Sector in Bangladesh: A Case Study of Narayanganj Branch”

Submitted By:

Ishrat Jahan Khusbo

ID: 161011121

Bachelor of Business Administration (BBA)
University of Liberal Arts Bangladesh (ULAB)

Submitted To:

Dr. Shamsuddin Ahamad

Assistant Professor & Director, EMBA Program, School of Business
University of Liberal Arts Bangladesh

Internship Organization:

Jamuna Bank PLC
Narayanganj Branch, Dhaka

Submission Date:

12/12/2025

Submitted in Partial Fulfillment of the Requirements for the Degree

Bachelor of Business Administration





Internship/Project Report Approval Form

Student Name: Ishrat Jahan Khusbo ID No: 161011121

Major: Marketing , Minor MSJ Year: 2025

Mobile Phone: 01912629682 Email: ishrat.jahan4.bba@ulab.edu.bd

INTERNSHIP/PROJECT INFORMATION

Internship

Organization: Jamuna Bank PLC (Narayanganj branch)

Internship Topic An Analysis of Letter of Credit Procedures at Jamuna Bank PLC and Their Impact on the RMG Sector in Bangladesh: A Case Study of Narayanganj Branch”

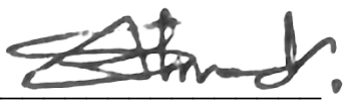
Term (Tick one): ☐ Spring 2025 ☐ Summer 2025 ☐ Fall 2025

SUPERVISOR APPROVAL

(Tick One)

☐ Approved ☐ Not Approved ☐ Partial Re-write ☐ Full Re-write

Remarks (For Not Approved):

Signature: 

Date: 09-12-2025

Name: Dr. Shamsuddin Ahamad

E-mail: shamsuddin.ahamad@ulab.edu.bd

PLAGIARISM & REPORT DECLARATION

1. I, Ishrat Jahan Khusbo, ID 161011121, hereby declare that the internship report is titled:

“Letter of Credit: An Analysis of the reliability of LCs in Banking Channel & Ready-Made Garments (RMG) Sector”
2. The aforementioned report has been prepared solely for the completion of my Bachelor of Business Administration (BBA) degree at the University of Liberal Arts Bangladesh (ULAB).
3. This report is based on my practical experience at Jamuna Bank PLC (Narayanganj Branch) and is original, authentic, and has not been submitted for any academic purpose at any institution.
4. It is known to me that plagiarism means taking and using the ideas, writings, works or intellectual property of another as if it was my own. This also extends beyond verbatim copying and stretches to using another person’s ideas without proper acknowledgement.
5. I acknowledge and understand that plagiarism is wrong.
6. This is my own intellectual property and I shall not allow anyone else to copy this with the intention of passing it off as their own work.

Name: Ishrat Jahan Khusbo

Date: 12/12/2025

Letter of Transmittal

December 12, 2025

Dr. Shamsuddin Ahamad

Assistant Professor & Director, EMBA Program, School of Business

University of Liberal Arts Bangladesh

Subject: Submission of Internship Report.

I would like to express my deepest gratitude to ULAB for including an internship requirement as part of the BBA curriculum. This experience has allowed me to gain valuable exposure to real-world professional environments.

I extend sincere thanks to the management and employees of Jamuna Bank PLC, Narayanganj Branch, for giving me the opportunity to learn from their operations. I am especially grateful to my organizational supervisor, Sazit Mahmud, Officer, Jamuna Bank PLC, whose mentorship made my internship meaningful.

I would also like to let you know that without your support and guidance this journey would not be as smooth as it was. Hence, my heartfelt appreciation goes to you, for continuous guidance, feedback, and encouragement.

Therefore, I would like to humbly request you to approve my internship report so that I may qualify for defense and complete my internship.

Thank you.

Yours Sincerely,

Ishrat Jahan Khusbo

ID 161011121

School of Business, ULAB

EXECUTIVE SUMMARY

This internship report explores the pivotal role of Letters of Credit (LCs) in supporting the Ready-Made Garments (RMG) sector of Bangladesh, with a particular focus on the operations conducted by Jamuna Bank PLC's Narayanganj Branch. The RMG sector stands as the backbone of the country's economy, contributing major foreign exchange earnings and providing employment to millions. However, this sector's heavy reliance on imported raw materials and inputs necessitates efficient trade finance mechanisms, of which LCs form the cornerstone.

During my internship, I observed how Jamuna Bank facilitates LC-based trade finance by issuing, processing, and settling various types of LCs critical to the RMG supply chain. The report details the procedural nuances of LC operations, the challenges faced by both the bank and RMG clients, and the profound dependency of garment manufacturers on these financial instruments to maintain their production cycles and meet export commitments.

The study also reflects on my practical learning, highlighting the complex compliance requirements, documentation processes, and coordination between various stakeholders necessary to ensure seamless LC transactions.

Finally, the report presents recommendations aimed at improving LC processing efficiency, enhancing client service, and streamlining regulatory frameworks to further strengthen the symbiotic relationship between banks like Jamuna Bank and the RMG sector.

Table of Contents

PART A	Chapter 1 Introduction 	
	1.1 Background of the Study	1
	1.2 Objectives of the Report	2
	1.3 Scope of the Report	2
	1.4 Methodology	3
	1.5 Limitations	3
	1.6 Overview of Jamuna Bank PLC	3
	1.7 Overview of the RMG Sector	4
	1.8 Importance of Letters of Credit	4
	1.9 Rationale of the Study	4
	Chapter 2 Internship Experience at Jamuna Bank PLC 	
	2.1 Job Responsibilities	5
	2.2 LC Documentation Handling	6
	2.3 Customer Interaction	6
	2.4 Software and System Exposure	7
	2.5 Learning Outcomes	7
	2.6 Challenges Faced	8
	2.7 Professional Development	8
	Chapter 3 Organizational Overview of Jamuna Bank PLC 	
	3.1 History and Evolution	9
	3.2 Vision and Mission	9
	3.3 Core Values	9
	3.4 Corporate Governance	10
	3.5 Major Products and Services	10
	3.6 Trade Finance Division	10
	3.7 LC Division Operations	11
	3.8 Narayanganj Branch Overview	11
	3.9 RMG Clients of the Branch	11
PART B	Chapter 4 LC Operations of Jamuna Bank PLC 	
	4.1 Concept of Letter of Credit	12
	4.2 Types of LCs Used in the RMG Sector	12
	4.3 LC Opening Procedure	13
	4.4 Documentation Requirements	13
	4.5 Back-to-Back LC Mechanism	14
	4.6 LC Amendment Process	14
	4.7 LC Discrepancies	14
	4.8 Import LC Settlement	15
	4.9 Export LC and Export Proceeds	15
	4.10 Foreign Exchange Regulations	15
	4.11 Risk Management in LC Operations	16

PART B	4.12 Role of Technology in LC Processing	16
	4.13 Internal Control and Compliance	16
	Chapter 5 RMG Sector's Dependence on LC-Based Trade Finance 	
	5.1 Structure of the RMG Supply Chain	17
	5.2 Dependence on Imported Inputs	18
	5.3 Why LCs Are Essential	18
	5.4 Financial Constraints of RMG Factories	19
	5.5 Back-to-Back LC's Role in Export Fulfillment	19
	5.6 Impact of Shipment Delays	20
	5.7 Impact of Exchange Rate Fluctuations	20
	5.8 Working Capital Cycles in RMG Factories	21
	5.9 Jamuna Bank's Support to RMG Units	21
	5.10 Observed Challenges Faced by RMG Clients	22
	5.11 Comparative Discussion of LC Facilities	22
	5.12 Overall Contribution to Bangladesh's Economy	23
	Chapter 6 Findings and Analysis 	
	6.1 Observations on LC Operations	24
	6.2 Observations on RMG Clients	24
	6.3 Identified Operational Gaps	25
	6.4 Analysis of Compliance Issues	25
	6.5 HR and Workload Issues	25
	6.6 Service Quality Assessment	26
	6.7 Interpretation of Findings	26
	Chapter 7 Recommendations 	
	7.1 Recommendations for LC Operations	27
	7.2 Recommendations for Narayanganj Branch	27
	7.3 Recommendations for the RMG Sector	28
	7.4 Policy Recommendations	29
	Chapter 8 Conclusion 	30
	References 	31

PART-A

CHAPTER 1: INTRODUCTION

- **1.1 Background of the Study**

The Ready-Made Garments (RMG) sector is the cornerstone of Bangladesh's economy, representing over 80 percent of the country's total export earnings and employing millions of workers. This sector's impressive growth trajectory over the past four decades has been supported not only by low labor costs but also by efficient financial mechanisms that enable factories to import the raw materials necessary for production. Since the majority of fabrics, accessories, and other inputs are imported, manufacturers rely heavily on Letters of Credit (LCs) to secure the trust of foreign suppliers and ensure timely delivery of goods.

Jamuna Bank PLC, established in 2001, has emerged as one of the leading private commercial banks supporting this sector through trade finance products. The Narayanganj Branch, located in a historic industrial zone, handles a significant volume of LC transactions, serving a diverse range of RMG clients. My internship at this branch provided firsthand exposure to the critical nexus between banking operations and the RMG supply chain, focusing on the processing and management of LCs, which facilitate international trade and production continuity.

- **1.2 Objectives of the Report**

The main objective of this report is to analyze the LC operations of Jamuna Bank PLC and their importance to the RMG sector. Specifically, the report aims to:

- Describe the procedures and documentation involved in LC operations at the Narayanganj Branch.
- Understand the dependency of RMG factories on LC-based trade finance.
- Identify the challenges faced by both the bank and its RMG clients in LC transactions.
- Reflect on my internship learning experience and its contribution to my professional development.
- Provide recommendations to improve efficiency and client satisfaction in LC services.

- **1.3 Scope of the Report**

This report focuses on Jamuna Bank's LC operations at the Narayanganj Branch and examines how these operations support the import and export activities of the RMG sector. The analysis is based on my observations and work during a three-month internship period. It includes descriptions of operational workflows, compliance requirements, client interactions, and sector-specific financial challenges. Due to confidentiality and time limitations, the report does not include detailed client identities or proprietary bank information.

- **1.4 Methodology**

The study is primarily qualitative, relying on direct observation, document reviews, and informal interviews conducted during the internship. Secondary data sources include Bangladesh Bank regulations, relevant academic literature, Jamuna Bank's published reports, and industry publications on the RMG sector. This mixed approach allows for an informed yet practical understanding of the relationship between banking operations and the RMG supply chain.

- **1.5 Limitations**

The primary limitation was restricted access to confidential client and transaction details due to bank policies. Time constraints prevented extensive field visits to garment factories. Additionally, as an intern, my role was observational with limited hands-on authority, limiting the scope of independent analysis. Nonetheless, the experience provided valuable insights into LC processing and trade finance.

- **1.6 Overview of Jamuna Bank PLC**

Jamuna Bank PLC began as a private commercial bank aiming to serve the industrial and trade sectors of Bangladesh. It now operates over 150 branches nationwide. Its foreign exchange and trade finance division plays a vital role in facilitating international commerce, especially for export-oriented industries like garments. The bank's commitment to technology integration, compliance, and client service has earned it a strong reputation among corporate clients, including many in the RMG sector.

- **1.7 Overview of the RMG Sector**

The RMG sector of Bangladesh has evolved into one of the world's largest apparel manufacturing hubs. Its growth is attributed to factors such as cost competitiveness, skilled labor, and favorable trade agreements. However, the sector is heavily reliant on imported raw materials, making efficient financial instruments like LCs indispensable for its operations. The sector includes woven garments, knitwear, textile mills, and supporting industries, all of which depend on timely access to inputs.

- **1.8 Importance of Letters of Credit**

LCs serve as a payment guarantee in international trade, reassuring foreign exporters that payment will be made once contractual shipment conditions are met. For Bangladeshi garment manufacturers, LCs allow the import of fabrics and accessories without requiring immediate cash outflow, helping manage cash flow constraints. By mitigating payment risks, LCs underpin trust between buyers and sellers across borders, ensuring uninterrupted supply chains.

- **1.9 Rationale of the Study**

Given the RMG sector's reliance on imported inputs and the essential role of LCs in facilitating these imports, it is crucial to understand the operational dynamics of LC transactions. This study fills a practical knowledge gap by combining theoretical frameworks with real-world observations from the banking sector. The insights can benefit banking professionals, RMG managers, and policy makers focused on enhancing trade finance efficiency.

CHAPTER 2: INTERNSHIP EXPERIENCE AT JAMUNA BANK PLC

- **2.1 Job Responsibilities**

During my internship at Jamuna Bank PLC's Narayanganj Branch, I was primarily assigned to the Foreign Exchange and Trade Finance Department, with a focus on Letters of Credit (LC) operations. My day-to-day responsibilities involved assisting senior officers in reviewing LC applications, verifying supporting documents, and preparing necessary paperwork for submission to Bangladesh Bank and correspondent banks. I was tasked with cross-checking shipment details, such as invoices, bills of lading, and insurance certificates, ensuring they complied with both the bank's internal policies and the regulatory framework set by Bangladesh Bank. Additionally, I was involved in maintaining transaction logs and updating client records, which helped me gain hands-on experience with the bank's core banking system and foreign exchange software platforms.

This role required meticulous attention to detail, as even minor discrepancies in LC documentation could result in payment delays or financial penalties. Furthermore, I supported the team in resolving client inquiries related to LC status, amendments, and payment timelines. My duties extended to liaising with importers, exporters, shipping agents, and customs officials to facilitate smooth trade transactions. Throughout this period, I observed the operational workflow of trade finance and developed a practical understanding of the complexities involved in cross-border banking.

- **2.2 LC Documentation Handling**

One of the most valuable aspects of my internship was working directly with the intricate documentation involved in LC transactions. The process demanded verifying multiple types of documents, including commercial invoices, packing lists, inspection certificates, shipping manifests, and certificates of origin. Each document had to be carefully checked against LC terms to ensure accuracy and compliance. I learned that discrepancies in documents, such as mismatched quantities, incorrect shipping dates, or missing signatures, could cause significant delays in payment processing. I assisted in compiling discrepancy reports and coordinating with clients to correct issues promptly. This experience enhanced my knowledge of international trade rules, such as the Uniform Customs and Practice for Documentary Credits (UCP 600), which governs LC transactions globally. It also taught me the importance of communication and coordination among various stakeholders to prevent operational bottlenecks.

- **2.3 Customer Interaction**

Although my primary role was operational, I had opportunities to interact directly with clients, including RMG exporters and importers. These interactions were critical in understanding client expectations and challenges in the trade finance process. Many clients sought clarity on document requirements, LC timelines, and fee structures. Addressing these queries helped me improve my communication skills and empathy toward client concerns. I realized that clients highly value transparency and timely updates, especially since any delay could disrupt their production schedules and export commitments. This reinforced the importance of customer-centric service in banking. I also learned to balance professionalism with patience, as some clients faced stress due to external factors like shipment delays or regulatory changes. Overall, these engagements enriched my interpersonal skills and appreciation for effective client relationship management.

- **2.4 Software and System Exposure**

The internship provided hands-on experience with Jamuna Bank's core banking software and the SWIFT messaging system, which is essential for secure international payment communications. I observed how electronic platforms streamlined LC processing, reduced manual errors, and enabled real-time transaction monitoring. Through guided training sessions, I gained familiarity with system modules related to trade finance, including LC application entry, document scrutiny, and payment settlement. I saw firsthand how technology supports compliance checks, generates audit trails, and facilitates communication between correspondent banks and clients. This exposure was invaluable in understanding the role of digital innovation in enhancing banking efficiency and reducing operational risks in international trade.

- **2.5 Learning Outcomes**

The internship significantly bridged the gap between theoretical knowledge and practical application. I deepened my understanding of trade finance instruments, especially Letters of Credit, and their critical role in global commerce. Handling real LC files improved my attention to detail and organizational skills. I learned how banking regulations, international trade laws, and customer service intersect to shape operational workflows. The experience also enhanced my problem-solving abilities as I dealt with document discrepancies and client queries. Moreover, I developed a professional work ethic, understanding the importance of punctuality, confidentiality, and teamwork in a banking environment. This internship has solidified my career interest in banking and finance, particularly in international trade finance.

- **2.6 Challenges Faced**

Adapting to the precision required in LC documentation was initially challenging. The sheer volume of paperwork and regulatory requirements sometimes felt overwhelming. Understanding the complex terminology and international standards governing trade finance demanded patience and persistent study.

Another challenge was managing multiple tasks simultaneously, especially during peak operational hours when numerous LC applications and amendments had to be processed. Balancing accuracy with speed required developing efficient work habits and time management. Occasionally, communication barriers with clients unfamiliar with banking jargon created delays. However, support from experienced officers and continuous learning helped me overcome these hurdles and grow more confident.

- **2.7 Professional Development**

My internship at Jamuna Bank was a transformative experience that enriched my professional capabilities. Exposure to real-world banking operations and client interactions taught me invaluable lessons beyond textbooks. I developed strong analytical skills by scrutinizing trade documents and compliance requirements.

The mentorship and feedback from senior officers encouraged me to improve my communication and teamwork skills. Understanding the critical role of banks in facilitating international trade deepened my appreciation for the sector's contribution to Bangladesh's economy. This practical experience has laid a strong foundation for my future career in banking, and I feel better equipped to navigate the complexities of trade finance.

CHAPTER 3: ORGANIZATIONAL OVERVIEW OF JAMUNA BANK PLC

- **3.1 History and Evolution**

Jamuna Bank PLC was established in 2001 with a vision to support industrial growth in Bangladesh by providing innovative banking services. The bank quickly expanded its footprint, focusing on corporate and SME clients, with particular strength in trade finance. Over the years, it has invested in technology and human resources to offer a range of products including deposits, loans, remittances, and foreign exchange services. Its growth mirrors Bangladesh's broader economic development and increasing participation in global trade.

- **3.2 Vision and Mission**

The vision of Jamuna Bank PLC is to be recognized as a premier financial institution committed to customer satisfaction, innovation, and sustainable growth. The mission emphasizes delivering quality banking services, supporting economic development, maintaining ethical standards, and leveraging technology for efficiency.

- **3.3 Core Values**

Integrity, customer centricity, innovation, teamwork, and accountability form the bank's core values. These principles guide day-to-day operations and shape the bank's interactions with clients and stakeholders.

- **3.4 Corporate Governance**

Jamuna Bank adheres to strong corporate governance frameworks, ensuring transparency, ethical conduct, and compliance with regulatory norms. The board of directors and management team actively oversee risk management, financial performance, and operational efficiency.

- **3.5 Major Products and Services**

Jamuna Bank offers diverse products including savings and current accounts, term deposits, consumer and business loans, SME financing, credit cards, internet banking, foreign exchange services, and trade finance products. Among these, trade finance and foreign exchange services contribute significantly to the bank's revenue and client base.

- **3.6 Trade Finance Division**

The trade finance division handles import and export transactions, letters of credit, bank guarantees, export finance, and foreign remittances. This division acts as a bridge connecting importers and exporters with the international banking community, ensuring compliance and smooth transaction flows.

- **3.7 LC Division Operations**

The LC division specifically manages the issuance, amendment, verification, and settlement of Letters of Credit. Officers follow strict procedures to ensure documents meet regulatory and contractual standards before authorizing payments or shipments.

- **3.8 Narayanganj Branch Overview**

Narayanganj, known as the "Dundee of Bangladesh," has a rich industrial heritage centered on textiles and garments. Jamuna Bank's Narayanganj Branch plays a vital role in facilitating trade finance for numerous garment and textile factories. The branch is staffed with skilled officers dedicated to foreign exchange and LC operations, handling a high volume of transactions daily.

- **3.9 RMG Clients of the Branch**

The branch's client base primarily consists of mid-size and large garment manufacturers who depend on LC financing to import fabrics, accessories, and chemicals. These clients rely on the bank's timely services to maintain production schedules and meet international buyer demands.

PART-B

CHAPTER 4: LC OPERATIONS OF JAMUNA BANK PLC

- **4.1 Concept of Letter of Credit**

The LC acts as a secure payment mechanism where the bank guarantees payment to the exporter upon fulfillment of specified documentary conditions. This process reduces payment risks and ensures trust between importers and exporters engaged in international trade.

The LC operations at Jamuna Bank are structured to ensure accuracy, compliance, and efficiency. When an importer requests an LC, the bank undertakes a comprehensive review of the client's application, financial status, and creditworthiness in alignment with Bangladesh Bank's foreign exchange regulations. This ensures that the bank mitigates exposure to financial risk while complying with legal requirements.

Jamuna Bank PLC's Letter of Credit (LC) operations serve as a cornerstone of the bank's trade finance portfolio, particularly in facilitating transactions within the Ready-Made Garments (RMG) sector, which is a key driver of Bangladesh's economy.

- **4.2 Types of LCs Used in the RMG Sector**

Within the RMG sector, Jamuna Bank primarily deals with several types of LCs tailored to meet the specific needs of exporters and importers. These include Revocable and Irrevocable LCs, with the latter being the most common due to its binding nature, preventing unilateral changes without consent from all parties.

Sight LCs demand immediate payment upon document presentation, while Usance or Deferred Payment LCs allow payment after a specified

period, supporting exporters' cash flow management. Back-to-Back LCs are also frequently utilized, where a new LC is opened against an existing one, enabling garment manufacturers to procure raw materials from suppliers before final shipment to buyers. The selection of LC types depends on contract terms, risk considerations, and the financial arrangements agreed upon by the parties.

- **4.3 LC Opening Procedure**

The LC opening procedure at Jamuna Bank begins with the importer submitting an application containing detailed information about the transaction, including beneficiary details, shipment terms, currency, and required documents. The bank conducts a credit appraisal and compliance check to ensure the applicant's financial capability and adherence to regulatory guidelines. Upon approval, the bank drafts the LC in accordance with the contract terms and transmits it securely to the exporter's advising bank via the SWIFT network. Precise wording and clarity in the LC are critical to prevent future discrepancies and delays in payment processing.

- **4.4 Documentation Requirements**

Documentary compliance forms the backbone of LC operations. Jamuna Bank requires a set of standard documents such as commercial invoices, packing lists, bills of lading, certificates of origin, insurance policies, and inspection certificates. These documents collectively prove that goods were shipped as agreed and meet the contract specifications. The bank meticulously scrutinizes these documents for accuracy, consistency, and conformity with LC terms. Non-compliance or missing documents can lead to rejection or delayed payments, highlighting the importance of correct documentation in international trade finance.

- **4.5 Back-to-Back LC Mechanism**

Back-to-Back LCs are instrumental in the RMG sector's supply chain, where manufacturers use an Export LC received from a buyer as collateral to open another LC with their raw material suppliers. Jamuna Bank facilitates this mechanism to enable garment producers to secure necessary inputs without tying up their capital. This process involves issuing a second LC against the first one, where the terms of the two LCs must be carefully aligned to ensure smooth settlement. This financial arrangement helps maintain liquidity and continuous production flow in a highly competitive export environment.

- **4.6 LC Amendment Process**

Amendments to LCs may be necessary due to changes in shipment dates, quantities, prices, or other contractual terms. Jamuna Bank handles amendment requests with strict adherence to ensuring all parties' consent and compliance with regulations. The amendment process requires a formal application and approval, after which the bank sends updated instructions to the advising bank. Proper management of amendments is essential to avoid confusion and prevent discrepancies during document examination.

- **4.7 LC Discrepancies**

Discrepancies occur when presented documents do not strictly comply with the LC terms. Common issues include mismatched shipment dates, missing signatures, incorrect quantities, or inconsistent product descriptions. At Jamuna Bank, the LC operations team carefully reviews all documents to identify discrepancies. Upon detection, the bank promptly notifies the importer and exporter, facilitating corrective actions to avoid payment delays or disputes. Effective handling of discrepancies protects the bank from financial risks and preserves client relationships by ensuring transparency and communication.

- **4.8 Import LC Settlement**

Import LC settlement involves the payment process where Jamuna Bank debits the importer's account and pays the exporter upon document compliance. The bank ensures all regulatory and foreign exchange controls are followed before releasing payment. Import LC settlements are vital to maintain the trust of international suppliers and uphold Bangladesh's reputation as a reliable trading partner. Efficient settlement processes help maintain smooth supply chains and prevent operational disruptions in the RMG sector.

- **4.9 Export LC and Export Proceeds**

On the export side, Jamuna Bank assists garment exporters in presenting shipping documents to claim payments under LCs. The bank ensures timely collection of export proceeds and compliance with Bangladesh Bank's regulations regarding foreign exchange repatriation. Prompt realization of export earnings is crucial for the financial health of RMG manufacturers, enabling them to meet working capital needs and reinvest in production.

- **4.10 Foreign Exchange Regulations**

LC operations at Jamuna Bank strictly comply with foreign exchange regulations mandated by Bangladesh Bank. These rules govern the permissible types of LC transactions, reporting requirements, limits on foreign currency exposure, and timelines for settlement. The bank's compliance ensures it avoids legal penalties and contributes to national economic stability. For RMG exporters, adherence to these regulations is essential to avoid shipment holds or payment delays.

- **4.11 Risk Management in LC Operations**

Managing risks is central to Jamuna Bank's LC operations. Credit risk, operational risk, and compliance risk are carefully monitored through stringent appraisal processes, internal controls, and regular audits. The bank evaluates the creditworthiness of importers, examines document authenticity, and ensures adherence to international trade laws to mitigate risks. These practices safeguard the bank's financial interests while supporting clients' trading activities.

- **4.12 Role of Technology in LC Processing**

Jamuna Bank has adopted modern technology to streamline LC operations, using core banking software integrated with trade finance modules. Automated tracking of LC statuses, digital document handling, and secure SWIFT messaging have increased operational efficiency and reduced errors. However, certain manual interventions remain, and the bank is exploring further digitization efforts including electronic document submission portals and blockchain technology to enhance transparency, security, and turnaround times.

- **4.13 Internal Control and Compliance**

Robust internal control mechanisms ensure that LC operations comply with regulatory frameworks and internal policies. Jamuna Bank has established comprehensive procedures for authorization, document verification, and transaction recording. Regular internal audits and staff training reinforce compliance culture. These controls help prevent fraud, ensure accuracy, and uphold the bank's reputation as a trusted trade finance partner.

CHAPTER 5: RMG SECTOR'S DEPENDENCE ON LC-BASED TRADE FINANCE

- **5.1 Structure of the RMG Supply Chain**

The Ready-Made Garments (RMG) sector in Bangladesh is a complex and multifaceted supply chain that involves several interconnected stages, each critical to the production and delivery of finished garments. At the very beginning, raw materials such as yarns and fabrics are procured, often sourced from international suppliers. These raw materials then undergo processes like dyeing, printing, and finishing at textile mills before being transported to garment manufacturing units. Within these factories, cutting, sewing, assembling, and quality control occur before the garments are packed and shipped to global buyers. The efficiency and coordination across all these stages are crucial for meeting tight international deadlines and buyer expectations. The financial flows, primarily facilitated through banking channels, are intertwined with these physical movements of goods, with Letters of Credit (LCs) serving as the financial backbone that supports procurement and payment across borders. Any disruption in the supply chain can cascade down the line, leading to production halts and loss of trust from global buyers.

- **5.2 Dependence on Imported Inputs**

Despite Bangladesh's thriving garment industry, the country remains heavily reliant on imported raw materials and inputs. Approximately 70-80% of the fabrics, accessories, and chemicals used in garment manufacturing are sourced from foreign countries, primarily China, India, South Korea, and Indonesia. This dependency is driven by limitations in domestic textile production capacity and quality variations that international suppliers fulfill. The import of these raw materials is mostly financed through Letters of Credit, which offer assurance to overseas suppliers that payment will be received, provided the shipment conditions are met. This dependency necessitates seamless and reliable LC operations by banks like Jamuna Bank, enabling RMG factories to procure inputs on credit terms without immediate capital outlays. Any inefficiency or delay in LC issuance or settlement can result in raw material shortages, threatening the entire production cycle.

- **5.3 Why LCs Are Essential**

Letters of Credit are indispensable for the RMG sector, serving as the primary financial instrument that mitigates the inherent risks of international trade. For manufacturers who often operate under tight cash flow constraints, LCs act as guarantees that the exporters of raw materials will be paid once they fulfill the shipping conditions. This mechanism protects both buyers and sellers: exporters gain security that payments will be honored, and importers gain confidence in receiving the correct goods as per the contract. LCs also facilitate access to international suppliers who may not be familiar with Bangladeshi buyers or their creditworthiness. Without LCs, many RMG manufacturers would struggle to secure necessary raw materials, leading to production delays or inability to fulfill export contracts, which could damage Bangladesh's reputation as a reliable garment exporter.

- **5.4 Financial Constraints of RMG Factories**

Many RMG factories in Bangladesh, especially small and medium-sized enterprises, operate on very thin profit margins and face significant working capital limitations. The competitive global garment market pressures factories to maintain low costs, and they often lack the liquidity to pay upfront for imported raw materials. The LC mechanism allows these factories to leverage their export orders as collateral to access trade finance, bridging the gap between payment for imports and receipt of export proceeds. This arrangement is critical because delays in payment or shipment can severely impact their cash flow and, consequently, their ability to continue production. The availability and flexibility of LC facilities, therefore, directly influence the operational capacity and sustainability of these factories.

- **5.5 Back-to-Back LC's Role in Export Fulfillment**

Back-to-back Letters of Credit represent a sophisticated financial instrument widely used by RMG exporters to facilitate their import needs. In this mechanism, the export LC, which guarantees payment from the foreign buyer, is used as collateral by the bank to open an import LC for raw materials required for production. This arrangement enables garment manufacturers to finance imports without the immediate need for cash deposits. Back-to-back LCs help maintain cash flow continuity and align the procurement cycle with export obligations, reducing the risk of delays and penalties from buyers. This facility is particularly vital for smaller exporters who may lack alternative credit lines, making it a cornerstone of LC-based trade finance in the garment sector.

- **5.6 Impact of Shipment Delays**

Shipment delays of raw materials can have cascading adverse effects on garment manufacturing. Since most factories operate on just-in-time production schedules to meet export deadlines, even a short delay can halt production lines, leading to late shipments to buyers. This not only results in financial penalties but also damages long-term business relationships and Bangladesh's global reputation. The delay can be caused by logistical challenges, customs clearance issues, or inefficiencies in LC processing. Banks play a critical role in mitigating such delays by ensuring swift LC issuance, advising clients on documentation accuracy, and coordinating with customs and regulatory authorities to expedite clearances. Effective management of these processes is essential to maintain the reliability and competitiveness of the RMG supply chain.

- **5.7 Impact of Exchange Rate Fluctuations**

The volatility of foreign exchange rates significantly impacts the RMG sector's cost structure. Since raw materials are imported in foreign currencies such as the US dollar, fluctuations in the Bangladesh Taka's exchange rate affect the cost of imports directly. A depreciation of the local currency raises the landed cost of materials, reducing profit margins for garment manufacturers. Conversely, appreciation can reduce costs but may affect export competitiveness. Banks like Jamuna Bank support RMG exporters by providing foreign exchange hedging products, enabling clients to manage currency risks effectively. Additionally, timely LC processing helps factories lock in costs and avoid unexpected expenses due to exchange rate swings. The financial instruments and advisory services offered by banks are thus critical in helping RMG firms navigate currency risks in their international trade operations

- **5.8 Working Capital Cycles in RMG Factories**

The working capital cycle in the RMG industry is typically short but intense, involving the synchronized management of cash inflows and outflows. Factories must finance the procurement of imported raw materials, pay local and foreign suppliers, cover production costs, and manage payrolls, all while awaiting payment from international buyers. This cycle often spans 60 to 90 days, depending on the contract terms. Letters of Credit enable factories to manage these cycles efficiently by securing credit for imports without immediate cash payment, allowing the use of export proceeds to settle debts. A disruption in LC financing can extend the working capital cycle, creating liquidity bottlenecks and risking production halts. Therefore, the smooth operation of LC facilities is fundamental to sustaining the financial health and operational continuity of RMG factories.

- **5.9 Jamuna Bank's Support to RMG Units**

Jamuna Bank PLC, through its Narayanganj Branch, has established itself as a trusted financial partner to the RMG sector by offering tailored LC solutions that meet the specific needs of garment manufacturers. The bank provides flexible LC terms, competitive fees, and dedicated relationship managers who understand the industry's challenges. The branch's foreign exchange officers assist clients in navigating regulatory requirements, documentation standards, and timely processing to minimize delays. Furthermore, Jamuna Bank facilitates back-to-back LCs, enabling smaller manufacturers to compete in the export market. The bank's commitment to customer service and understanding of the RMG supply chain's financial intricacies contribute significantly to the sector's growth and stability.

- **5.10 Observed Challenges Faced by RMG Clients**

Despite the robust support from banks like Jamuna Bank, RMG clients face persistent challenges in trade finance operations. Many factories report bureaucratic delays in LC approvals and amendments due to documentation inconsistencies or regulatory checks. Compliance requirements have become increasingly stringent, necessitating meticulous paperwork that can overwhelm smaller manufacturers lacking dedicated finance teams. Some clients experience difficulty in accessing adequate LC limits due to credit assessments or collateral requirements, limiting their import capacity. Additionally, discrepancies in documents submitted by exporters or delays in shipment release add to operational risks. These challenges highlight the need for continuous improvement in banking services and client education to enhance trade finance efficiency.

- **5.11 Comparative Discussion of LC Facilities**

In comparison with other private commercial banks operating in Narayanganj, Jamuna Bank is recognized for its personalized approach and relatively faster processing of LC applications. While some banks rely heavily on manual documentation, Jamuna Bank has begun integrating digital platforms to streamline operations. However, compared to global banking standards, there remains significant scope for automation, electronic document submission, and digital client communication. The bank's proactive engagement with clients, including training sessions and advisory support, gives it a competitive edge. Nevertheless, the increasing volume and complexity of trade transactions demand continuous technological upgrades and capacity building to sustain this advantage.

- **5.12 Overall Contribution to Bangladesh's Economy**

The effective functioning of LC operations at banks like Jamuna Bank underpins the remarkable success of Bangladesh's RMG sector, which contributes approximately 12% to the country's GDP and accounts for over 80% of total export earnings. By facilitating smooth import financing and export realization, LC-based trade finance supports millions of jobs, especially among women, and drives foreign exchange earnings vital for the national economy. The robust financial linkage between banks and garment exporters fosters industrial growth, attracts foreign investment, and strengthens Bangladesh's position in the global apparel market. Therefore, maintaining and enhancing LC operations is not only a banking imperative but a national economic priority.

CHAPTER 6: FINDINGS AND ANALYSIS

- **6.1 Observations on LC Operations**

The LC operations at Jamuna Bank's Narayanganj Branch are characterized by a well-defined and systematic workflow designed to minimize operational risks and ensure compliance with regulatory standards. The bank has established clear procedures for LC application, documentation scrutiny, approval, and settlement, which align with both internal policies and the guidelines issued by Bangladesh Bank.

During my internship, I observed that the bank places significant emphasis on verifying the accuracy and consistency of documents to prevent fraud and financial losses. This rigorous approach fosters trust between the bank, its clients, and correspondent banks abroad. However, the reliance on manual verification at certain stages contributes to occasional delays, suggesting a need for further automation to enhance efficiency.

- **6.2 Observations on RMG Clients**

RMG clients served by Jamuna Bank exhibit diverse levels of sophistication regarding trade finance. Larger garment exporters typically have dedicated finance teams that understand LC requirements and maintain effective communication with the bank. These clients benefit from smoother transactions and faster processing times.

Conversely, smaller factories often face challenges due to limited knowledge and resources. They frequently require more guidance on documentation standards and compliance. This disparity highlights the importance of client education initiatives by banks to ensure that all exporters can navigate LC processes confidently and avoid costly mistakes.

- **6.3 Identified Operational Gaps**

Despite Jamuna Bank's strong operational framework, certain gaps were evident. The dependence on paper-based documentation at key points increases the risk of human error and slows processing. Some clients reported dissatisfaction with the lack of real-time updates on LC status, causing uncertainty and affecting production planning.

Additionally, the bank's current client training efforts on trade finance are limited in scope. Enhanced and more frequent educational programs could empower clients, reduce documentation discrepancies, and improve overall service quality. Addressing these gaps through technological upgrades and customer-centric initiatives will be critical for future growth.

- **6.4 Analysis of Compliance Issues**

The bank maintains strict adherence to anti-money laundering (AML) regulations and foreign exchange controls, as required by Bangladesh Bank. Compliance officers regularly audit LC transactions to detect suspicious activities and ensure transparency. This proactive stance helps maintain the bank's reputation and mitigates regulatory risks.

However, the complexity of compliance requirements sometimes overwhelms smaller clients unfamiliar with international banking norms. This increases the risk of inadvertent non-compliance, which could result in penalties or delayed transactions. Strengthening client guidance and simplifying documentation where possible would enhance compliance effectiveness.

- **6.5 HR and Workload Issues**

The LC division experiences periods of high workload, especially during peak import seasons. Staffing levels are adequate but could be optimized to handle surges efficiently. Continuous professional development programs for staff would also enhance productivity and morale.

- **6.6 Service Quality Assessment**

Customer feedback collected informally during the internship suggests that clients appreciate Jamuna Bank's personalized service approach and responsiveness. Relationship managers play a key role in addressing client concerns and facilitating problem resolution.

Nevertheless, some clients expressed a desire for faster LC processing and greater transparency through digital tracking. Introducing client portals or mobile applications that provide real-time transaction updates would enhance customer satisfaction and trust. Improving service quality in these areas will help Jamuna Bank retain and attract more RMG clients.

- **6.7 Interpretation of Findings**

The analysis indicates that Jamuna Bank's LC operations are a vital enabler for the RMG sector, offering a reliable and compliant trade finance framework. The bank's strengths lie in its detailed procedural controls, client-focused service, and regulatory adherence.

However, to sustain and enhance its competitive position, the bank must address operational inefficiencies, increase digitalization, and expand client education. Balancing rigorous compliance with client convenience will be crucial to optimizing trade finance services and supporting Bangladesh's garment exporters in an increasingly competitive global market.

CHAPTER 7: RECOMMENDATIONS

- **7.1 Recommendations for LC Operations**

To enhance the efficiency and effectiveness of LC operations at Jamuna Bank PLC, a number of key recommendations are proposed. First, the bank should accelerate the full digitalization of its LC process, moving beyond partial automation to a fully integrated electronic platform. This would allow clients to submit applications, upload documents, and track LC status in real time, significantly reducing processing times and human errors. Implementing advanced technologies such as blockchain for document authentication could further strengthen the security and transparency of transactions. Secondly, continuous professional development programs should be instituted for LC staff to keep them updated on the latest international trade finance regulations, compliance standards, and technological tools. Well-trained staff can handle complex cases more efficiently and reduce discrepancies. Thirdly, Jamuna Bank should develop standardized checklists and workflow protocols that minimize inconsistencies and enhance uniformity in document scrutiny, thus speeding up settlement and improving client satisfaction.

- **7.2 Recommendations for Narayanganj Branch**

The Narayanganj Branch, being a key operational point for Jamuna Bank's trade finance activities, should implement tailored strategies to handle peak workloads, especially during busy export seasons. To avoid backlogs, the branch can introduce flexible staffing arrangements, including temporary hires and cross-training of personnel to distribute workload efficiently. This would prevent delays that may otherwise impact exporters in this time-sensitive sector. Furthermore, the branch should strengthen client relationship management by assigning dedicated officers for regular communication with frequent clients, particularly

RMG exporters, to anticipate their needs and proactively resolve issues. Additionally, investing in capacity building and performance incentives can boost employee morale and productivity, which directly influences service quality. Lastly, periodic internal reviews at the branch level will help identify operational bottlenecks and allow prompt corrective measures.

- **7.3 Recommendations for the RMG Sector**

To support the sustainable growth of the Ready-Made Garments sector, several strategic initiatives should be considered. One important recommendation is to improve exporters' understanding of LC procedures and documentation requirements through targeted education programs. Many SMEs in this sector face challenges with complex trade finance instruments, and tailored training can reduce documentation errors that cause payment delays. Facilitating closer collaboration between garment manufacturers and their suppliers using mechanisms such as back-to-back LCs can improve cash flow management across the supply chain. Additionally, the sector should invest in upgrading technology and management practices to meet international buyers' increasing demands for compliance, quality, and timely delivery. The financial institutions supporting this sector, including Jamuna Bank, should continue developing customized financial products that address the unique working capital and credit needs of RMG firms.

- **7.4 Policy Recommendations**

At a broader level, policy reforms are essential to streamline trade finance and boost Bangladesh's export competitiveness. Policymakers should work towards harmonizing documentation standards and simplifying regulatory procedures associated with Letters of Credit to reduce administrative burdens on banks and exporters. Enhancing coordination between Bangladesh Bank, commercial banks, customs authorities, and trade bodies can improve the efficiency of cross-border transactions. Encouraging the adoption of digital trade finance platforms through supportive regulatory frameworks will foster innovation and transparency in the sector. Moreover, policies that promote financial inclusion and access to affordable credit for SMEs in the RMG sector will enable more firms to participate actively in export markets. Lastly, continuous dialogue between the government, banking sector, and garment industry stakeholders is necessary to address emerging challenges and align growth objectives.

CHAPTER 8: CONCLUSION

The internship experience at Jamuna Bank PLC, particularly within the LC operations of the Narayanganj Branch, has provided a valuable insight into the intricate relationship between banking and the Ready-Made Garments sector. The Letter of Credit system remains a critical financial instrument ensuring that Bangladesh's garment exporters receive timely payments while importers gain assurance regarding shipment compliance. Throughout the internship, it became evident that while Jamuna Bank operates a largely effective and compliant LC process, opportunities exist for improvement, particularly in the areas of technology integration, client education, and resource management.

Supporting the RMG sector through efficient LC operations not only strengthens individual businesses but also contributes substantially to national economic growth given the sector's dominant role in exports. This internship has deepened my appreciation of the interconnected nature of trade finance, regulatory compliance, and operational efficiency. Moreover, I have gained practical skills in document verification, risk assessment, and client communication, which will serve as a strong foundation for my future career.

In conclusion, Jamuna Bank PLC's commitment to upholding international standards and maintaining transparent, client-focused services is commendable. By embracing technological advancements, investing in staff capabilities, and fostering closer partnerships with clients and policymakers, the bank can further enhance its role as a trusted facilitator of Bangladesh's export economy. My internship journey has been immensely enriching, and I am confident that the lessons learned will enable me to contribute meaningfully to the banking and trade finance sectors going forward.

REFERENCES

Ahmed, S. (2020). *Trade Finance and Its Role in Export Promotion: A Study on the RMG Sector of Bangladesh*. Journal of Business Studies, 15(2), 45-63.

Bangladesh Bank. (2023). *Foreign Exchange Regulations and Guidelines*. Dhaka: Bangladesh Bank Publications.

Jamuna Bank PLC. (2024). *Annual Report 2023*. Dhaka: Jamuna Bank PLC.

Rahman, M. (2019). *Ready-Made Garments Industry in Bangladesh: Challenges and Prospects*. Dhaka: Academic Press.

Siddiqui, K., & Hasan, M. (2021). *Letters of Credit in International Trade Finance: Perspectives from Bangladesh*. International Journal of Finance, 8(1), 78-95.

World Bank. (2022). *Bangladesh Garment Industry Overview*. Retrieved from <https://www.worldbank.org/en/country/bangladesh/overview>
