General Banking Function of a Public Bank

A study on Agrani Bank Limited (ABL)
An Internship report submitted in partial fulfillment of the requirement for the degree of

BACHELOR OF BUSINESS ADMINISTRATION

Prepared Under the Supervision of

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To

Samina Haque
Lecturer
BRAC Business School
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Subject: Submission of Internship Report

Dear Ms. Samina Haque:

I am very much grateful to you for presenting herewith the Internship Report, as partial fulfillment of the Bachelor of Business Administration [BBA] program requirement. It is really an enormous prospect for me to congregate vast information and grasp the subject matter in an appropriate way. The report gave me the opportunity to know the practical implication of “General banking function of a public bank” An attempt has been made in this report to identify the financial management techniques followed by the Agrani Bank Limited and problems facing when implemented.

I have tried my best to fulfill the requirements of this report. I am not anticipating that my analysis will assist you to provide a clear idea about ongoing activities of Agrani Bank Ltd. but you will find this report praiseworthy as I have put my best effort and labor on it.

I am extremely obliged to you for your valuable guidance and constant attention as and when required in accomplishing this report.

I shall be pleased to answer any sort of query if you think necessary.

Yours obediently,

__________________________

Md. Samiul Islam
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BRAC Business School
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Acknowledgement

The Almighty ALLAH is so great that He gave me the ability to finish the internship report within the deadline.

In the preparation of this report, I would like to acknowledge the encouragement and assistance given by number of people. I am most grateful to my internship supervisor Ms. Samina Haque for providing a detailed feedback and support all the time on this report.

My special thanks go to Mr. Wadud Ali (AGM), Mr. KabirRyhan, branch manager of Agrani Bank Limited, Ramna corporate branch, for their guideline, assistance, intimacy and for their valuable time as well. Their continuous assistance makes me to have a clear idea about how general banking activities of Agrani Bank are going on. Moreover, the contribution Mr. MujiburRahaman (Officer), Mr.Bayezid (Senior Officer) and Ms. Saleha Begum (TT Incharge) are also remarkable. Without their contribution it would not have been possible for me to finish the Internship

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Agrani Bank Limited (ABL) is established in 1972. It is a state owned bank. It is formed by the composition of ex-Habib Bank ltd and ex-Commerce Bank ltd. Agrani Bank Limited is a Bank with an Authorized Capital and Paid-up Capital of Tk.800.00 million and Tk.248.00 million respectively. The total equity of the bank stands at 725.00 million as on December, 2010. The total profit of last year is about Tk.680.00 million. There are about 867 branches in which 10 branches are corporate. There are about 341 town branches and 526 rural branches. The board of directors is consisted of 11 members. The Chairmen and Directors are nominated by government.

There are six section of ABL (Ramna br.) in GB- Cash, computer, account opening, clearing, Accounts and local remittance. Cash section receive cash and pay payment in cash, computer section posting the vouchers, account penning section open new accounts, clearing section deal with clearing function, account section prepare different statement etc.

The strengths of ABL are, State owned bank, Wide image, Unlimited trustiness about ABL to rural people, High commitments for customers, Qualified and experiences personnel etc. The weaknesses of ABL are: Absence of service providing mentality, Absence of IT applications. Some what manual based, Lack of motivation of workers, depends on Head office. The opportunities of ABL are: High demand of credit, High demand of small enterprise financing. High demand of remittance facility, High demand of investment by depositing. The threats of ABL are: Interfere of CBA and Officers’ Somiti, Some commercial and foreign banks, Some rules and regulations of Bangladesh Bank, Present of similar types of retail banking product etc.

The shortcoming of ABL is: Bureaucratic complexity in Management of ABL is very high in relation to general banking function. Management of GB practice excess formalities. In absence is service providing mentality. Interference of CBA and Officer Somiti in operation of GB Lobbing from upper level for doing unfair activities. Lacking of motivation in GB personnel due to irregular promotion. Absence of using IT application. Manual based operation.

There are some recommendations toward concern authority for overcoming the shortcomings of ABL in below: All banking activities should be performed using IT, Bank should
neglect the manual based operation, All branches should be well decorated Staff and officers should speak polite and low voice, Bank should introduce new product, Bank should consider experience, written test and viva examination in cases of promotion, Bank should provide appropriate training, take motivational effort, To limit interferences of CBA and Officers’ Somiti.
Chapter-01

1.1: OBJECTIVES OF THE STUDY

As a partial fulfillment of a Master of Business Administration, internship is a requirement at the end of the completion of all the credit courses. The main purpose is to be familiar with the real world situation and practical experience in a business firm. Commercial bank, especially Private Bank is one of the important business sectors in Bangladesh. Agrani Bank Limited is a scheduled commercial bank in the govt. sector, which is focused on the established and emerging markets of Bangladesh. The purpose of this study is to earn a real life practical experience on Banking System.

The study mainly conducted with the following objectives:

- To find out the strengths, weakness, opportunities and threats of ABL in relation to general banking.
- To find out the problems of ABL in relation to general banking.
- To find out the dissimilarities between the public bank as ABL and private bank.
- To provide the recommendation for overcoming the shortcoming of ABL.

1.2: METHODOLOGY

The study methodology included observation of their work procedure, analysis of their information input forms and their output documents, face-to-face communication with the clients, interviews of relevant ABL officials.

As per study objectives mentioned, the information used in this study has been received from the following sources:

**Primary Sources:**

- Officials Records of Agrani Bank Ltd (ABL)
- Face-to-Face interview with the respective personnel

**Secondary Sources:**
Research, brochures, and various publications of Agrani Bank Ltd.

1.3: LIMITATIONS

The objective of this study is to earn real life practical experience in Banking System. It requires long time to acquire to the real experience. Time limitation is the main constrain in this respect. The lack of available of data is another limitation. Maximum of banking activity are practical. Just reading the manual is not enough. To earn such practical experience, it requires working with those events.

The main limitations are as:

- Time constrain
- Banking people are very busy. Sometimes it seems hard to get their attention
- Lack of published relevant documents
- Some information is confidential-not open to public.

Chapter-02

2.1: Highlight of Agrani Bank Limited (ABL)
Establishment: Agrani Bank Limited (ABL) is established in 1972. It is a state owned bank. It is formed by the composition of ex-Habib Bank ltd and ex-Commerce Bank ltd.

Capital and Profit: Agrani Bank Limited is a Bank with an Authorized Capital and Paid-up Capital of Tk.800.00 million and Tk.248.00 million respectively. The total equity of the bank stands at 725.00 million as on December, 2010. The total profit of last year is about Tk.680.00 million

Branches: There are about 867 branches in which 10 branches are corporate. There are about 341 town branches and 526 rural branches.

Management: The board of directors is consisted of 11 members. The Chairmen and Directors are nominated by government.

Agrani Bank Ltd., the only commercial bank was established by a group of winning local entrepreneurs conceiving an idea of creating a model banking institution with different outlook to offer the valued customers, a comprehensive range of financial services and innovative products for sustainable mutual growth and prosperity. The sponsors are reputed personalities in the filed of trade, commerce and industries.

The Bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking. The Management of the bank constantly focuses on understanding and anticipating customers needs. The scenario of banking business is changing day by day, so the bank’s responsibility is to device strategy and new products to cope with the changing environment. Agrani Bank Ltd. has already achieved tremendous progress within only two years. The bank has already ranked as one of the quality service providers & is known for its reputation.

Hierarchy

- **Board of Directors**
  - Chairman & Directors
- Managing Directors
- Deputy Managing Directors
- General Manager
- Non-Clerical Staff Members
Foreign Remittance: Agrani Bank Ltd. has a network of 25 branches in Bangladesh and 8 more branches are going to be added to network soon. Remittance services are available at all branches and foreign remittances may be sent to any branch by the remitters favoring their beneficiaries. Remittances are credited to the account of beneficiaries instantly through Electronic Fund Transfer (EFT) mechanism or within shortest possible time.

Credit Facilities: The main focus of Agrani Bank Ltd. Credit Line/Program is financing business, trade and industrial activities through an effective delivery system. Agrani Bank
L. Ltd. offers credit to almost all sectors of commercial activities having productive purpose. The loan portfolio of the Bank encompasses a wide range of credit programs. Credit is also offered to major thrust sectors, as earmarked by the govt., at a reduced interest rate to develop frontier industries. Credit facilities are offered to individuals including housewives, businessmen, small and big business houses, traders, manufactures, corporate bodies, etc.

Chapter-03

3.1: General banking section of ABL (Ramna Corporate Branch)

Every branch has some section for performing particulars operational function. That's why, every section perform some particular functions so that the potential customer, present customer can get service from particular section of Agrani Bank Ltd (ABL). Ramna branch has also some sections that are mentioned below:

Cash Section:

- Cash receive
Cash payment

**Computer Section:**
- Posting
- Signature verification
- Recording of information of new accountholders
- Providing account statement etc.

**Account opening section:**
- Provide information about account opening and account closed
- Enrolled new account

**Local Remittance Section:**
- PO issue
- DD issue
- TT issue etc. holders etc.

**Loan and advance:**
- Providing information about loan and
- Formalities maintenance of loan and advance

**Accounts Section:**
- Preparation of salary sheet.
- Preparing of daily, weekly position statement.
- Preparing of daily statement of affair etc.

### 3.2: Cash and Computer section

**Preface:** Cash section is the core department for any branch of bank. The main task of cash section is to receive cash from different types of parties as well as to pay cash to different types of parties. And computer section is sister concerned section of cash section where all types of cash payment and receive are recorded and does some other special task such as: record the information of new accountholder, up-dated informative of account holder etc.

**Sources of cash receive:**
- Deposit collection from different accountholders
- Receive for P.O; TT; DD
- Money receives for share application.
- Receive from PSS holders.
- Receive from FDR holders.
- Receive by selling prize bond
- Receive for DESA and WASA bills
Sources of cash payment:

- Interest payment to different account holders
- 2. Int. payment of PSS and FDR
- 3. Meet internal disbursement (Office rent, T&T bills, WASA bill for office etc.)
- Payment against valid cheque.
- Payment of TD for PO, TT, DD.
- Payment for purchasing prize bond.

Register that are used in cash section:

- Payment Register.
- Receipt Register.
- Vault Register.
- Rough Vault Register.
- Balance Statement Register.
- DESA Bill Register.
- WASA Bill Register etc.

Process of Cash Receive:

**Step-1:** Authorized Cash officer makes an entry to scroll register book after placing deposit slip.

**Step-2:** Take taka and count carefully and makes entry to another register.

**Step-3:** Write the denomination of currency on the backside of voucher.

**Step-4:** Pass register to second cash officer.

**Step-5:** Second cash officer verify the receipt, return the counter folio of deposit slip and keep another portion in his custody.

**Step-6:** Return counter folio of deposit slip and unused slip of instrument to party.

Used register, voucher and seal in case of cash received:

- Pay-in-slip
- Credit voucher.
- Cash receive Register.
Process of cash payment:

**Step-1:** To take instrument! Cheque:

**Step-2:** To check the instrument, specially the data of cheque, figure in word and number, signature of party.

**Step-3:** Send the instrument to conciliate officer, he will examine at as well the instrument carefully and verify the signature of party with SS card.

**Step-4:** It will be posted in computer to debit a/c.

**Step-5:** If fund available, the authorized officer will cancel the cheque and put a seal a pay cash.

**Step-6:** To entry in payment register.

**Step-7:** To write denomination of currency on the back side of the instrument. Step-8: Cash officer will pay cash to party.

**Step-9:** Cash officer also will affix `CASH PAID' seal.

**Step-10:** Finally instrument will be sent to account section.

Used seal register, voucher and seal in cash of payment:

- Cheque, PO, SDR, MPS, l)D etc.
- `CASH PAID' seal
- Cash payment register.
- Cheque returns register.
- `PAY CASH’ seal etc.

Functions of computer section:

1. Posting all cash receipt and cash payment.

2. Record the information of new account holder.

3. To up-date the information of present account holder after informing from account holder.

4. Verify the signature of client with SS card.

5. Cancel the cheque.

6. To communicate with account holder through cell or telephone if the presented cheque is doubtful.
3.3: Account Opening Department

Preface: As a commercial bank, Agrani Bank Ltd. needs fund for running banking operation and investment. Agrani Bank Ltd. makes the fund from different sources such as - capital, loan from Bangladesh Bank, and loan from commercial bank and deposit collection from different types of people and group of people. Accounts opening section of Agrani Bank Ltd. performs the activities relation to account opening.

Functions of accounts opening section:

Accounts opening section perform several types of activities such as:-

(a) Counseling about different types of accounts and procedure of accounts opening.

(b) Providing the new cheque book.

(c) Providing different deposit slip.

(d) Performing the interest payment activities of National Saving Certificate

(e) Performing the activities of account opening.

General Procedure of opening bank a/c:

The procedure of opening bank a/c differs based of the type of a/c. But a general procedure that most of time, use at the time of account opening is given below:-

Step-1: Determining the type of account that will be opened by customer.
Step-2: Collection of application form.

Step-3: Fill-up application form.

Step-4: Introduction.

Step-5: Enclosing necessary document with application form.

Step-6: Submitting of application form.

Step-7: Collection, filling-up and submitting of SS card respectively.

Step-8: Collection deposit slip.

Step-9: Paying initial deposit.

General Instruction:

a) Please use two Signature Cards for each of the signatories of the account. You may use the extra cards. The signatures in the cards shall have to be attested by the Chairman/Managing Director/Secretary of the Company.

b) Copies of Memorandum and Articles of Association along with Certificate of Incorporation, Certificate of Commencement (if applicable) duly signed by the Chairman/Managing Director/Secretary of the Company.

c) Resolution to open an account with the specific branch of a bank e.g. "Agrani Bank Ltd., Principal Branch, Dhaka, Bangladesh" and to authorize the person(s) to operate the Account shall have to be taken, a copy of the resolution, duly signed is required.

d) A clear instruction for operating the Account i.e. single signature/joint signature, capacity of the signatory(s), amount restriction to signatory(s) etc. should be incorporated in the Board Resolution.

e) Signature in all the papers must be supported by respective stamps (Seal).

DOCUMENTS COMMON TO ALL FOR OPENING AN ACCOUNT:

a) A/c opening Form duly filled in and signed. Proper introduction is a must for opening an account. Signature of the introducer must be verified before opening of the a/c.

b) Signature Card (2 copies) - duly filled in and introduced.

c) Photographs (2 copies for each individual) duly attested by the introducer.
ISSUANCE OF CHEQUE BOOK:

a) Take requisition slip and verify the signature from the competent authority (Custodian of Specimen Signature Card).

b) Be cautious that the receiver is the right person to take delivery of the cheque book.

c) Write: Title of the account and account number in the Cheque Book Issue Register. Take a Cheque Book on the basis of the series mentioned in the Cheque Book Issue Register.

d) Record Account number on each leaves and on the requisition slip write Title of the Account, issuing date and put a round Seal and get it signed by an authorized signatory.

e) Record cheque series number on the requisition slip.

f) Deliver the Cheque Book after receiving signature on the register.

g) Requisition slip is sent to the Computer department for POSTING.

h) After posting be kept in the concerned file as per serial number of the cheques.
3.4: Local Remittance Sections

Remittance of fund means transfer of money from one place to another place or one city to another city of the same bank within the country is called local remittance and fund transferred to outside the country through correspondent agent is called foreign remittance. This facility is extended to its customers to enable them to avoid risk arising out of theft, loss etc. in carrying of cash money from one place to another for making payment to some one at some other places or to utilize themselves at some other places.

Considering the urgency and nature of transaction the method of remittance may be categorized as under:

a) Telegraphic Transfer (TT),

b) Demand Draft (DD)

c) Travelers Cheque (TC)

d) Payment order (po)

ISSUANCE OF T.T.

It is an order from the issuing branch to the drawee branch for payment of certain some of money to the beneficiary. The payment instruction is sent by Telex/Telephone and funds are paid to the beneficiary on verification of the test number through his account maintained with the drawee branch. It is the quickest method of transferring fund from one place to another.

TT can be made - a) against cash, b) against Cheque & c) against client’s a/c debit.

PROCEDURE - TT Against Cash :

Fill up the TT Application Form in duplicate (first copy treated as CR voucher to credit H.O. General Account : 10802007 and second copy for the use of customer) by the applicant duly signed by him. Fill up the Commission part meant for Bank's use and arrange to deposit the
TT amount through TT Application Form and also arrange to deposit Commission and Postage/Cable charge through two separate single CR vouchers as per following:

**CR** : Income A/C - Remittance (Voucher) : 40205007

Amount realized against commission of TT.

**CR** : Income A/C - Telex (Voucher) : 40205007

Amount realized against Telex charge of TT.

**Issuance of TT:**

On getting the above vouchers duly received by the Cash Department, arrange to do the following:

- Provide a Issue Number (TT Number) from the TT Issue Register and TTICA number on the application form.
- Provide a Test Number on the TT Application Form.
- Send the message over phone/Telex.
- Send full set i.e. TT application form, Commission vouchers, CR vouchers for Telex charge to computer department for posting.
- Issue a **TTICA** (TT Issuing Credit Advice) on the same day to the responding/drawee branch mentioning full particulars of the TT including the Test number for their confirmation.

**TT Advice & Pay:**

Suppose we have received a TT from our Agrabad branch for Tk.110/- with advice to issue a P.O. favoring Mr. X, CD A/c No.100 with Agrani Bank, Sheraton Branch, Dhaka, in that case prepare the following vouchers after observing all other normal formalities stipulated above:

**DR-** H.O. Gen. A/c : 10802007 : Tk.110/-

**CR-** TT Payable A/c : 30316106 : Tk.110/-

Amount responded against _____ Br. TT No._____ dated _______ fvg. Mr./X, CD A/c No.100, Agrani Bank, Sheraton Branch, Dhaka.

**DR-** TT Payable A/c : 30316106 : Tk.110/-
**CR- Pay Order :** 30335006: Tk.100/

P.O. No.______ issued fvg. Mr. X, CD A/c No.100, Agrani Bank, Sheraton Branch, Dhaka on account of Mr. _____ against TT No.______ dated______ of our ______ Br.

**CR- Income Account - Postage :** 40205007: Tk.10/-

Amount realized against postage charge for issuance of Pay Order No._______ dated ________ against TT No._______ dated ________ of our ______ Br.

a) Record in the TT Payable Register.

b) Record in the P.O. Register.

c) Prepare Pay Order. Do not charge commission.

d) Prepare a letter and send the P.O through Courier Service.

**TT Against Cheque:**

In case TT through a cheque bearing "Yourselves" with following instruction on the overleaf duly signed by the a/c holder(s):

"Please transfer by TT an amount of Tk.______ favoring _____, CD Account No.____ with your ____ Branch, _____.

In this case get the signature of the account holder verified by the Head Teller/Remittance In charge and confirm that the cheque amount is available to his/their credit with posting and the cheque duly cancelled.

**DR : Client cheque amount**

**CR : Income A/C - Remittance (Voucher) :** 40205007

Amount realized against commission of TT.

**CR : Income A/C - Telex (Voucher) :** 40205007

Amount realized against Telex charge of TT.

Prepare a **DR Voucher** in case cheque amount do not cover **T.T.** amount plus charge and commission subject to client's written concurrence.
PAY ORDER

Payment Order is an instrument issued by a bank with an undertaking to pay the beneficiary on behalf of the client. It is also known as Managerial Cheque and more reliable than cheques. The issuing branch is the paying branch. Pay order is usually issued within the clearing area. There are also some exceptional cases. In that case that the proceeds of Pay Order is collected on collection basis.

PO against Cash:

Fill up the Pay Order application form in Duplicate (First copy treated as CR voucher: 30315006 and Second copy for the use of customer) by the applicant duly signed by him.

Fill up the Commission part of the application form meant for Bank's use and prepare the following single CR voucher on the basis of commission amount and arrange to deposit both the vouchers over the counter:

CR - Other Fees &Commission : 40207009

Amount realized against commission of P.O. No.

DR - Cash

Commission rate:

10000  : Tk. 30/

10,000 - 1,00,000 : Tk. 75/-

100,000 -5,00,000 : Tk.100/-

500,000 â€“ 10,00,000 : Tk.150/-

Above 10 lac :Tk. 200/-

With VAT @ 5% on commission

Issuance of Pay Order :
Cash department on receipt of cash will deliver the above two vouchers to the concerned officer and his function will be to -

- make entry in the P.O. Issue Register duly authenticated and will record Register serial number (control number) on the face of the Application Form.
- Issue Pay Order and write the Register serial number (Control Number) after the block series number on it.
- Ensure that Pay Orders are crossed "A/c Payee" and get it signed by two authorised signatories.
- Receive applicant's signature on the counter-foil of Pay Order and handover the Pay Order to the purchaser.

Register:

a) Pay Order Register  
b) Balance Book - Balancing on daily/weekly & on monthly.

Encashment of Pay Order:

a) Paid through clearing.

b) Paid cash (subject to Manager written concurrence Pay cash on the PO duly signed)

c) Payee's a/c credited (a/c maintained in our Bank)

d) Purchaser's a/c credited (subject to Release of the P.O. by the Payee/beneficiary on the overleaf of the PO).

Payment of Pay Orders:

As the Pay Orders are crossed A/c Payee they are not transferable/not negotiable. The Pay Orders are required to be presented to the issuing Branch for payment either through clearing house or for credit to the Payee's A/c.

After presentation of the pay order for payment the concerned officer of the remittance department will enter the date of payment of that particular payment order in the Pay Order Issue Register duly authenticated by an authorized officer. The instrument itself is treated as debit voucher. The related entries are:

Dr - Instrument - 30315006

(Just write A/c No.30315006 on the face of the Pay Order)
CR - Payees A/c

Exceptions:

Purchaser may deposit the P.O. to another bank for clearing and if that bank satisfies about the purchaser's identity and endorse on the overleaf of the P.O. "Purchaser's A/c Credited". In that case all liability goes to that bank and we should not dishonour the Pay Order.

Spoiled Pay Order instrument - Cancellation:

Pay Order instrument spoiled while preparing the same, should not be destroyed but should be clearly marked as "CANCELLED" and be retained with the counter foil for record purpose.

PO against A/C DR:

Use PO application form in TRIPLICATE in case client instructs to debit his account (First copy treated as DR voucher & 2nd copy treated as CR voucher and 3rd copy for the customer). In this case, get the signature of the account holder verified by the Head Teller/Remittance In charge and confirm that the amount is available to his credit with posting and prepare the following single CR voucher:

**DR** - Client's A/c (through PO Form)

**CR** - Pay Order A/c : 30315006 (PO Form)

**CR** - Other Fees & Commission: 40207009

Amount realised against commission of Pay Order.

PO against Cheque:

In case PO through a cheque bearing "Yourselves" with following instruction on the overleaf:

"Please issue a Pay Order for Tk.______ favouring _____."
In this case get the signature of the account holder verified by the signature verifying authority and confirm that the cheque amount is available to his credit with posting and duly cancelled.

Prepare a separate DR Voucher (with advice) in case cheque amount do not cover PO amount plus Other Fees & Commission subject to client's written concurrence.

**DEMAND DRAFT (DD)**

an instrument in writing containing an order of the issuing Branch upon its another Branch known as drawee Branch for payment of a certain sum of money to the payee or to his order on demand by the beneficiary presenting the draft itself. DD's never become stale.

**PROCESSING INSTRUCTIONS FOR DD:**

1) On approach by a customer for issuing a DD, get the application form properly filled up & signed by the applicant.

2) Complete the lower portion of the application form meant for Bank's use.

3) Calculate the total Taka amount payable including Bank's commission/charges etc.

4) If the purchaser desires his account with the Branch to be debited for the amount of DD, get the A/C number & the A/C holder's signature verified properly from Signature Card on record of the Branch and debit client's account for the total amount including commission/charges etc.

5) If a cheque is presented payment for the DD, get the cheque duly passed for payment by the competent authority and record the particulars of DD of the bank of the cheque.

6) If cash deposit is desired, request the purchaser to deposit the money at the Teller's counter.

7) The Teller, after processing the application form, cash or cheque will validate the application form.

The first copy of the DD application form is treated as "Credit Voucher" to credit Head Office General Account: **10802007** while the second copy is treated as customer's copy.

All the required particulars of all DDs issued should be entered in the DD issue Register duly authenticated. Separate folios should be opened for each drawee branch in the DD issue register.
Each branch should use a running control serial number of their own for issuance of DD on each drawee branch. This control serial No. should be introduced at the beginning of each year which will continue till the end of the year. A fresh number should be introduced at the beginning of the next calendar year & so on.

While issuing Local Drafts of Tk.50,000/= and above, Branch shall put a TEST NUMBER in RED INK on the upper portion of the drafts so that the drawee Branch can immediately make payment of the DD on presentation after getting the test agreed, if otherwise found in order.

Issue of Drafts, must be followed by issue of credit advice (IBCA) by the issuing branch to the drawee branch.

Fill up the Commission part meant for Bank's use as per rates prescribed by your Head Office from time to time and arrange to deposit the DD amount through DD application form, Commission and Telex/cable charge through two separate CR vouchers over the cash counter/transfer:

**CR**: Income A/C - Remittance : 40205007

Amount realised against commission of DD. No. drawn on Br.

**CR**: Income A/C - Telex/Postage : 40205007

Amount realised against Telex charge/Postage charge against DD dawn on Br.

**Remittance Charges**: 0.15% of the total DD amount but not less than Tk.50/-

& Postage/telex/cable charge : Tk.50/-.  

**ISSUANCE of DD**:

On getting the above vouchers duly received by the Cash Department, arrange to do the following:

Keep a record in the DD Issue Register on branch-wise mentioning full particulars of the DD.

Provide a Issue Number (DD Number, Register Sl. Number & Current year) from the DD Issue Register on branch-wise. 

Give a TEST NUMBER on the Application Form in case DD amount is >= Tk.50,000/-. Do not provide test number on the face of the DD. 

Issue DD and HANDOVER the instrument to the purchaser duly received by him on the overleaf of the perforated portion meant for Banks use.
Inform through Telex/Letter to the responding branch giving full particulars of the DD issued with Test Number on the same day duly signed by two authorised signatories.

Issue IBCA to responding Branch (the branch on which DD was issued) on the DD amount only (excluding Commission and Postage charge) giving full particulars of DD except test number.

**DD placed for payment after receipt of IBCA:**

Record the date of payment in the column payment against advice of the DD payable Register duly signed by an authorised signatory.

**DR :** DD Payable : 30316007 : Tk.1,00,000/-

(Simply write: 30316007 on the DD instrument)

**CR :** H.O. Gen. A/c : 10802007 (Voucher prepares by Clearing Department)

Amount of ____ cheques/DDs drawn on us and honoured.

Or

**CR :** Payees A/c (in case of transfer)

**DD placed but IBCA not received:**

Record the date of payment in the column payment without advice of the DD payable Register duly signed by an authorised signatory.

**DR :** DD paid without advice: 10730009 (write the a/c number on the instrument)

**CR :** Party a/c (Voucher prepares by Clearing Department)

On subsequent receipt of the credit advice (IBCA) from the issuing branch the following entries should be passed:

**DR :** HO Gen. A/c (Against IBCA) : 10802007

**CR :** DD Payable : 30316007

Amount responded against IBCA No._________ dated _____ for onward payment against DD No.______ favouring ____________________.
DR : DD Payable : 30316007

CR : DD paid without advice : 10730009

(G-006) Amount paid from DD Paid Without Advice on _____ now reversed on receipt of IBCA No.__________ dated ______ against DD No.______.

DD against party A/c Debit:

Use DD application form in TRIPlicate in case client instructs to debit his account (First copy treated as DR voucher & 2nd copy treated as CR voucher and 3rd copy meant for customer). In this case, get the signature of the account holder verified by the Head Teller/Remittance In charge and confirm that the amount is available to his credit with posting. Other formalities are as usual.

DD against Cheque:

In case DD through a cheque bearing "Yourselves" with following instruction on the overleaf:

"Please issue a DD for Tk.______ favouring _____. CD Account No.____ with your ____ Branch. _____.

Prepare a separate DR Voucher (with Advice) in case cheque amount do not cover DD amount plus charge and commission subject to clients written concurrence.

CANCELLATION of DD:

Only the purchaser can request the issuing branch for cancellation of a DD. The drawee branch can not cancel a DD. The drawee branch can accept cancellation instructions only from the issuing branch. When a draft is cancelled by the issuing branch the relative entry is reversed on receipt of IBCA from the drawee branch.

At the request of the purchaser, issuing branch can request the drawee branch for cancellation of DD with a request to issue an IBCA. Here Principal Branch is the issuing branch and Agrabad branch is the responding (drawee) branch.

STOP PAYMENT OF A DRAFT:
Normally the payment of a draft can not be stopped by the bank as it goes against its own commitment in favors of a third party. However, stop payment instructions can only be issued by the issuing branch in special circumstances at the request of the purchaser or payee in case of a lost or stolen draft only. In such cases extreme caution should be exercised both by the issuing and the drawee Branch.

3.5: Function of Clearing Department

Clearing House:

A bankers clearing house is an autonomous institution having its own rules and regulations for admission of members and sub-members for the conduct of clearing. Clearing is a mechanism through which claims and counter claims of the clearing house members (banks) on account of chouse, drafts, bills, pay orders etc. drawn on each other and deposited by their customers for collection are settled daily. In other words, a clearing house provides a mechanism by which various bankers exchange local cheques, drafts etc. drawn on each other, which are received by them from their customers for collection. Under the clearing system, reciprocal claims of one bank against others are off set and only the net balance or difference between receipts and payments are settled by drawing on the account of the debtor bank maintained with the Central Bank.
**OUR COMMON FUNCTIONS:**

a) **Check**: See that the Cheque series number, date, amount, payee, Bank and branch are same as mentioned in the deposit slip.

b) **Seal**: "Agrani Bank Limited

(Special Crossing) Principal Branch"

(On the face of the instrument)

**OUTWARD CHEQUES:**

Other Bank's Cheques received by us for clearing

a) Clearing Seal on the face of the Cheque with next clearing day's date.

- ✔ Posting to Outward Clearing Register.
- ✔ Posting to computer for next clearing days operation

b) Endorsement Seal on the overleaf of the Cheque/DD/DD as under:

When the beneficiary is:

a) M/s./Personal Name: Payee's A/c credited

b) Cash/Self cheque: Received Payment for Agrani Bank Ltd.

(can be a/c payee)

c) ABL: Received payment for ABL

d) ABL, Mr. _ABL Br. A/c: Received payment & Payee's A/c credited.

e) Mr./M/s. _A/c_ ABL Br: Payees A/c Credited

f) P.O. if deposited: Purchaser's A/c credited.

(Duly released by the beneficiary)

g) Date Change for clearing: "Date cutting in clearing stamp confirmed"

h) Withdrawal of Cheque: "All our clearing stamp and crossing cancelled"
PRE-REQUISITE FOR SENDING CHEQUES FOR CLEARING:

a) Sort-out the cheques on Bank-wise and branch-wise

- Prepare Schedule on branch-wise

- Prepare a global schedule on bank-wise on their local office.

b) Clearing Summary Sheet be prepared for clearing house (Bank-wise).

N.B: BANKERS' CLEARING HOUSE, BANGLADESH BANK BUILDING (2nd FLOOR)

a) Record the cheque series number, a/c number, bank's name and the amount in the clearing Register.

b) In the Summary Statement record total number of cheques and amount against concerned banks name in the "Delivered" column.

c) Distribute the cheques to the respective banks' tables.

d) Cheques received by us be posted in our "Received" cheque column of summary statement.

e) Column "To Pay" or "Delivered" is our CR side.

f) Original copy of Summary statement be delivered to the House Superintendent of Bangladesh Bank in the clearing house.

g) Entry in the Inward Register (received instruments).

h) If the amount of "To Pay" or "Delivered" side is higher than the amount of "To Receive" side then we can say that the house is in our Favour i.e. our a/c with Bangladesh Bank be credited, if not, our a/c with Bangladesh Bank be debited.

1ST CLEARING HOUSE

Prepare the following vouchers in the morning on the total clearing cheque/P.O. amount including cheques/POs of other Branches. Assume, total instruments received for clearing (including branches) valued Tk.500/- out of which cheques/POs/DDs of our Principal Branch is Tk.300/-, cheque of our Imamganj Branch is Tk.150/- and a cheque received from our Agrabad Branch through their OBC is Tk.50/-:
**DR:** H.O. Gen. A/c : 10802007 : Tk. 500/-

Amount of 55 cheques/Pos/DDs (including 10 cheques of Imamganj Branch and 1 cheque of our Agrabad Branch) sent to Clearing House for collection. (Clearing Seal)

Prepare: IBDA to H.O. : Tk. 500/-

Amount of total 55 cheques (cheques/Pos/DDs (including 10 cheques of Imamganj Branch and 1 cheque of our Agrabad Branch) sent to Clearing House for collection.

**CR:** Respective clients' A/c of PB. : Tk. 300/-

(deposit slip treated as CR Voucher)

**CR:** Clearing House A/c: 30631118 : Tk. 150/-

(on branch amount)

**CR:** IBC (Interbranch Collection A/c): 30316895 : Tk. 50/-

Amount of cheque No...... dated ............ drawn on ............ sent for collection vide OBC No....... of Agrabad Branch, Chittagong.

**Note:** Please handover the above vouchers to the Computer Department in the morning as early as possible. Then send all instruments according to bank and branch-wise to Bangladesh Bank for clearing.

**Clearing House - Preparation of Voucher:**

Out of the above total cheques/POs/DDs for Tk.500/- sent to 1st clearing House, following cheques/POs/DDs returned unpaid (Bounced)/honoured:

<table>
<thead>
<tr>
<th>Bounced</th>
<th>Honoured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Branch : Tk.100/- Tk.200/-</td>
<td></td>
</tr>
<tr>
<td>Imamganj Branch : Tk. 50/- Tk.100/-</td>
<td></td>
</tr>
<tr>
<td>Agrabad Branch : Tk.Nil Tk. 50/-</td>
<td></td>
</tr>
</tbody>
</table>

**DR** - Respective Clients’ A/c of our Br. : Tk.100/-

(Advice) Amount of Cheque No._______, ______ Bank returned unpaid.

(Single) Amount of 6 (six) clearing cheques (Imamganj : 2, Principal: 4) returned unpaid as on _______.

3.6: Function of Account Department

General functions of accounts section

a) Sorting of vouchers

b) Audit of daily transactions.

c) Preparation of Extracts (daily) to send H.O.

d) Preparation of Thursday position.

e) Preparation of Daily Statement of Affairs.

f) Preparation of Consolidated Statement of Condition - Profit & Loss (Monthly)

g) Preparation of Statement of SBS - 01 (Monthly to H.O.)

h) Preparation of Statement of SBS - 02 (Quarterly to H.O.)

i) Preparation of Voucher for depreciation:

J) Prepare Monthly Salary Sheet:
**3.7: Responsibilities**

I have worked approximately 3 months in Agrani Bank at Ramna Corp. Branch. Specifically my activities or responsibilities were limited to General Banking activities. Such as:

- Show the customer the appropriate sections and necessary procedures to get the service (for whom who do not know what to do and how)
- Receive TT inward and outward voucher and verify the test and whether appropriate charges and taken or not
- Put authorized seal in the cheque after take a closer look in the cheque whether it is appropriately filled up or not and also verify the signature
- Give customer the copy of WASA and DESA bill with bank's seal and authorised signature after they pay their bills
- In the computer section i just debited and credited the corresponding amount from and to the corresponding account in the bank's software which are verified by our supervisor at the end of banking hour.
- Write confirmation letter of DD and TT and give the customer a THANK YOU letter for that
- Scan all the cheques received and sent from our branch and store it in the computer at daily basis.

Moreover I had to do extra activities according to the order of manager, assistant general manager and other senior officers.

**Hierarchy of Agrani Bank in Ramna Branch:**

```
Deputy General Manager

General Manager (General Banking) General Manager (Loan and Advance Banking) General Manager (Foreign Exchange)

Assistant General Manager

Senior Principal Officers

Officers  Officers  Officers (Cash)
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Chapter 04-Finding and Analysis

4.1: Shortcomings of ABL in GB

- Bureaucratic complexity in Management of ABL is very high in relation to general banking function.
- Management of GB practice excess formalities.
- In absence is service providing mentality.
- Interference of CBA and Officer Somiti in operation of GB
- Lobbing from upper level for doing unfair activities,
- Lacking of motivation in GB personnel due to irregular promotion.
- Absence of using IT application.
- Manual based operation.

4.2: SWOT Analysis of ABL

As a financial organization, Agrani Bank Ltd. has some strengths, weakness, opportunities and threats, to identify the strengths, weakness opportunities and treats a tool is used by me that is SWOT analysis. Here, S represents to strengths, W refers to weakness, 0 denotes to opportunities and T indicates to threats.

Strengths
➢ State owned bank
➢ Wide image
➢ Unlimited trustiness about ABL to rural people
➢ High commitments for customers.
➢ Qualified and experiences personnel etc.

**Weakness**

➢ Absence of service providing mentality
➢ Absence of IT applications.
➢ Somewhat manual based
➢ Lack of motivation of workers.
➢ Depends on Head office.

**Opportunities**

➢ High demand of credit.
➢ High demand of small enterprise financing.
➢ High demand of remittance facility.
➢ High demand of investment by depositing.

**Threats:**

➢ Interfere of CBA and Officers’ Somiti
➢ Some commercial and foreign banks.
➢ Some rules and regulations of Bangladesh Bank.
➢ Present of similar types of retail banking product etc.
4.3: Dissimilarities between ABL and private Bank in GB operation

Bureaucratic complexity:

Bureaucratic complexity in Management of ABL is very high in relation to general banking function. On the other hand, there are negligible bureaucratic complexities in Management of private bank.

Difference in Objective:

The objective of private bank is to earning of profit. On the other hand, the objective of ABL is to do as agent of Govt.

Motive:

Profit is the main motive of private bank. On the other hand, the motive of ABL is to do as agent of Govt.

Management:

There is very strong management in ABL in GB but maintains high formalities. On the other hand, private bank has efficient management team but low formalities.

CBA and Officer Somiti:

Interference of CBA and Officer Somiti is very high in ABL. On the other hand. In private bank there is negligible interference of CBA and Officer Somiti.
5.1: Recommendation

There are some recommendations toward concern authority for overcoming the shortcomings of ABL in below:

1. All banking activities should be performed using IT
2. Bank should neglect the manual based operation
3. All branches should be well decorated
4. Staff and officers should speak polite and low voice
5. Bank should introduce new product
6. Bank should consider experience, written test and viva examination in cases of promotion
7. Bank should provide appropriate training
8. Bank should take motivational effort
9. To limit interferences of CBA and Officers’ Somiti
5.2: Summary

Agrani Bank Limited (ABL) is established in 1972. It is a state owned bank. It is formed by the composition of ex-Habib Bank Ltd and ex-Commerce Bank Ltd. Agrani Bank Limited is a Bank with an Authorized Capital and Paid-up Capital of Tk.800.00 million and Tk.248.00 million respectively. The total equity of the bank stands at 725.00 million as on December, 2010. The total profit of last year is about Tk.680.00 million. There are about 867 branches in which 10 branches are corporate. There are about 341 town branches and 526 rural branches. The board of directors is consisted of 11 members. The Chairmen and Directors are nominated by government.

There are six section of ABL (Ramna br.) in GB- Cash, computer, account opening, clearing, Accounts and local remittance. Cash section receive cash and pay payment in cash, computer section posting the vouchers, account penning section open new accounts, clearing section deal with clearing function, account section prepare different statement etc.

The strengths of ABL are, State owned bank, Wide image, Unlimited trustiness about ABL to rural people, High commitments for customers, Qualified and experiences personnel etc. The weakness of ABL are: Absence of service providing mentality, Absence of IT applications. Some what manual based, Lack of motivation of workers, Depends on Head office. The opportunities of ABL are: High demand of credit, High demand of small enterprise financing, High demand of remittance facility, High demand of investment by depositing. The threats of ABL are: Interfere of CBA and Officers’ Somiti, Some commercial and foreign banks, Some rules and regulations of Bangladesh Bank, Present of similar types of retail banking product etc.

The shortcoming of ABL are: Bureaucratic complexity in Management of ABL is very high in relation to general banking function. Management of GB practice excess formalities. In absence is service providing mentality. Interference of CBA and Officer Somiti in operation of GB Lobbing from upper level for doing unfair activities, Lacking of motivation in GB
personnel due to irregular promotion. Absence of using IT application. Manual based operation.

Chapter-06

6.1: Glossary

✓ CBA: Customer Bargaining Agency.
✓ ATM: Automated Teller Machine
✓ BB: Bangladesh Bank
✓ BDT: Bangladeshi TAKA
✓ DPS: Deposit Premium Scheme
✓ FCB: Foreign Commercial Banks
✓ IFC: International Financial Corporation
✓ IFFD: Interest First Fixed Deposit
✓ L/C: Letter of Credit
✓ NBFI: Non Bank Financial Institution
✓ NCB: Nationalize Commercial Banks
✓ PCB: Private Commercial Banks
✓ POS: Point of Sales
✓ SB: Specialize Banks
✓ SOD: Secured Overdraft
✓ STD: Short Term Deposit
✓ SWIFT: Society for Worldwide Inter-bank Financial Telecommunication
✓ USD: United State Dollar
✓ VFC: Visa Fee Collection
6.2: BIBLIOGRAPHY

1. Text book of fundamental course training program for ABL officials
2. Annual report of ABL2010
3. Handbook- “Banking and Insurance Policy” by Bangladesh Bank