



INTERNSHIP REPORT
ON
**CASH DIVISION & ITS
ACTIVITIES**





Submitted to

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Letter of Transmittal

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Subject: Submission of Internship Report.

Dear Madam,

It is my great pleasure to submit this report on the “**A Study on Cash Division and its activities of BASIC Bank limited**” as a part of my BBA curriculum. To prepare this report, I have gathered what I believe to be the most complete information available. The experience will remain as a valuable asset of immense useful in my life.

I have worked hard preparing this report and sincerely tried to make the paper a comprehensive one within the given time span. I will be always available for answering any query regarding this paper. I believe that the preparation to prepare my report will help me to work at banking sector.

Thanking you

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Acknowledgement

I am very glad that in spite of many limitations I have completed the Report successfully.

Preparing this report, I received cordial and sincere assistance from many concerns.

First of all I wish to thanks the immeasurable grace and profound kindness of the Almighty Allah, the supreme authority of the universe. From the first inception to the final completion of this report, the success of this study rests not on me alone but on the contributions of many persons who have inspired, influence and guided my work.

I express my deep sense of gratitude and sincere appreciation to my term paper supervisor Syeda Shaharbanu Shahbazi, Senior Lecturer of BRAC Business School at BRAC University, for her guidance and special supervision during my work.

I want to give special thanks to Mr. Nazmul Islam, Branch In Charge, Mr. Md. Taufique Islam, Deputy General Manager, Md.ABM Nazmus Sayadat Mondol, Credit In Charge, and Mr. Md. Abdur Razzak, Cash In Charge, Islampur Branch, BASIC Bank Limited for their required support, encouragement, guidelines as well as generous comments and suggestions despite their very busy schedule.

I am exceedingly thankful to my parents who have always been an inexhaustible source of inspiration and motivation for me.

And finally, I like to say that I have tried heart and soul to prepare this report accurately. However, there might be some errors and impractical mistakes due to my limited aptitude and time constraint. In this regard, I seek your kind consideration as I am in the process of learning.





Executive Summary

Banking sector of Bangladesh is one of the major sectors, which contributes significantly to the national economy. The sector comprises a number of banks in various categories. Considering ownership the sector can be classified in to four major categories - such as Nationalized Commercial Banks (NCBs), Specialized Banks (SPBs), Private Commercial Banks (PCBs), and Trans-National Banks (TNBs).

BASIC Bank Limited is one of oldest commercial bank operating in Bangladesh. It has over the years created one of the largest networks among all the other banks in Bangladesh. Although a trendsetter in offering a various ranges of products in the market, the products offer by BASIC Bank are quickly imitated by competitors. The profitability of a bank always depends on the efficient management of fund and exploring the genuine avenues in which its resources are invested to produce the maximum income.

In this report I tried to analyze Cash division and its activities of BASIC Bank Ltd. Cash is one of the important division for a bank. If the operation system of the bank is easier, then the clients accept it positively. Now it is a time when the banking section is too much competitive. If the operation policy is not good then it cannot exist for a long time in the market.

BASIC Bank Ltd follows a simple strategy in its cash division. It trains its cash officers in such a way that they become more accurate in calculating and checking cash, along with that they behave politely with clients so that client get a positive image about the bank. As the bank does not do heavy advertising regarding its account, the atmosphere of the cash division make clients talk about the positively which attract more new customers. The Cash In Charge, direct the subordinates properly. Cash In Charge provides a message clearly to subordinate that, take your time, but do not make mistake to make it quickly. Cash officers get tremendous support from the Cash In Charge. All other divisions try to provide support so that cash division can concentrate more on the cash only. Cash division provides the surplus money to the Loan & Advances division, who conduct the investment part. Foreign Exchange division handles the letter of credit, export import letter or guarantee and so on. General Banking division does the rest of the work of the bank. The depth of the activity of the general banking division is lot more than others.





Though, cash division does repetitive works, it needs to ensure quality and accuracy as well. In time of shortage of money, cash division make the arrangements, usually by taking loan from the central bank. The bank provides various service to the clients with a good range of products.



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THE ORGANIZATION





1.1 Historical Background:

The **BASIC Bank Limited** (**B**angladesh **S**mall **I**ndustries and **C**ommerce **B**ank **L**imited) establishes as a banking company under the companies Act 1913 launched its operation in 1989. It was incorporated under the Act on the 2nd of August, 1988. The Bank started its operation from the 21st of January, 1989. It is governed by the Banking Companies Act 1913. The Bank was established as the policy makers of the country felt the urgency for a bank in the private sector for financing Small Scale Industries (SSIs). At the outset, the Bank started as a joint venture enterprise of the BCC Foundation with 70 percent shares and the Government of Bangladesh (GOB) with the remaining 30 percent shares. The BCCI, the Government of Bangladesh took over 100 percent ownership of BASIC on 4th June 1992. Thus there is state-owned. However, the Bank is not nationalized; it operates like a private bank as before.

Basic Bank is unique in its objectives. It is blend of development and commercial banks. The Memorandum and Articles of Association of the Bank stipulate that that 50 percent of loan able funds shall be invested in small and cottage industries sector.

Steady growth in client base and their high retention rate since Bank's inception testify to the immense confidence they repose on its services. Diversified products both liability and assets sides particularly a wide range of lending products related to development of small industries and micro enterprises, and commercial and training activities attract entrepreneurs from varied economic fields. Along with promotion of products special importance is given to individual clients through providing personalized services. In fact individuals matter in this Bank. This motto has been followed for development of clientele as well as human resources of the Bank.

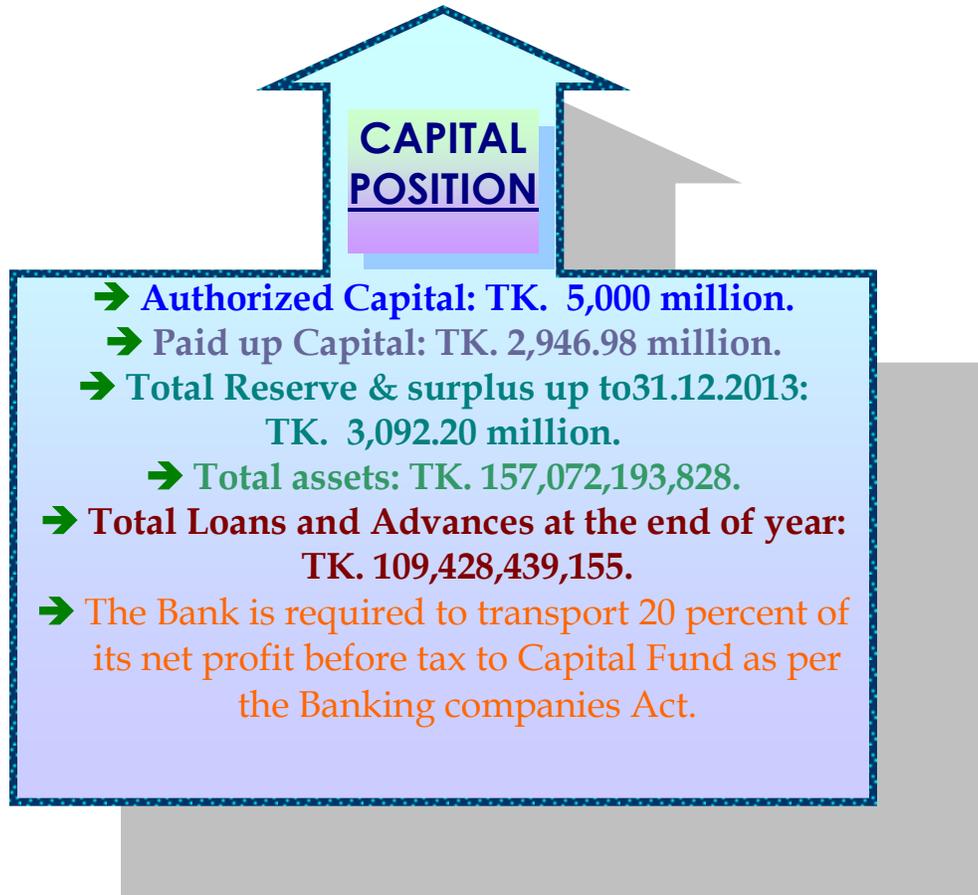
Coping with the competitive and rapidly changing financial market of the country, BASIC Bank Limited maintains close connection with its clients, the regulatory, the shareholders (Government of Bangladesh), other banks and financial institutions.



1.2 A Birds Eye View:

YEAR 2013 was a fairly good year for the Bank in the face of severe competition in the Banking industries and changing global and national economic scenario. The Board of Directors was happy with the overall performance of the Bank, particularly for maintaining quality of assets and improving shareholders position, stability and capital position.

[TABLE-1]: Capital Position.



1.3 Functions:

1.3.1 BASIC Bank Ltd Offers:

- ⇒ Term loans to industries especially to small-scale enterprise.
- ⇒ Full-fledged commercial banking services including collection of deposit, short-term trade finance, working capital finance in processing and manufacturing units and financing and facilitating international trade.

- ⇒ Technical support to Small Scale Industries (SSIs) in order to enable them to run their enterprise successfully.
- ⇒ Micro-credit to the urban poor linkage with Non-Government Organizations (NGOs) with view facilitating their access to the formal financial market for mobilization of funds.
- ⇒ In order to perform the above tasks, BASIC works closely with the clients, the regularly authorities, the shareholders Government Of Bangladesh (GOB), banks and other financial institution.

1.3.2 Corporate Strategy:

- * Financial establishment of small units industries and businesses and facilitate their growth.
- * Steady and sustainable growth.
- * Investment in a cautious way.
- * Adoption of new building technology.
- * Profit maximization.
- * Establishing small industries.

1.4 Lending Criteria:

→ Entrepreneur:

- ⇨ Entrepreneur/promoter has to be creditworthy and compete enough to run the proposed industry.

→ Viability of the Project:

- ⇨ The project should be viable from organizational, technical, commercial, financial and economic points of view.

→ Technical Viability:

- ⇨ The project should be technically sound and environment friendly.
- ⇨ Building should be well planned and well constructed.

→ **Commercial viability:**

- ☞ Market prospect potential for the product has to be fully assured at competitive prices.
- ☞ Marketing channel for the product should be accessible to the entrepreneurs.

→ **Financial Viability:**

- ☞ There should be reasonable debt equity ratio as determined by the bank on individual case basis.
- ☞ Debt service coverage ratio should be at least 2.5 times at the optimum level of production.
- ☞ IRR should preferably be not less than 20 percent.

→ **Economic viability:**

- ☞ The project should ensure benefit to the national economy and create sufficient employment opportunity.

1.5 Board of Directors:

As stated earlier the government holds 100 percent ownership of the Bank. The Government of Bangladesh appoints all the Directors of the Board.

The Managing Director is an ex-officio member of the Board of Directors. There are at present 7 Directors including the Managing Director.

NAME OF BOARD OF DIRECTORS:

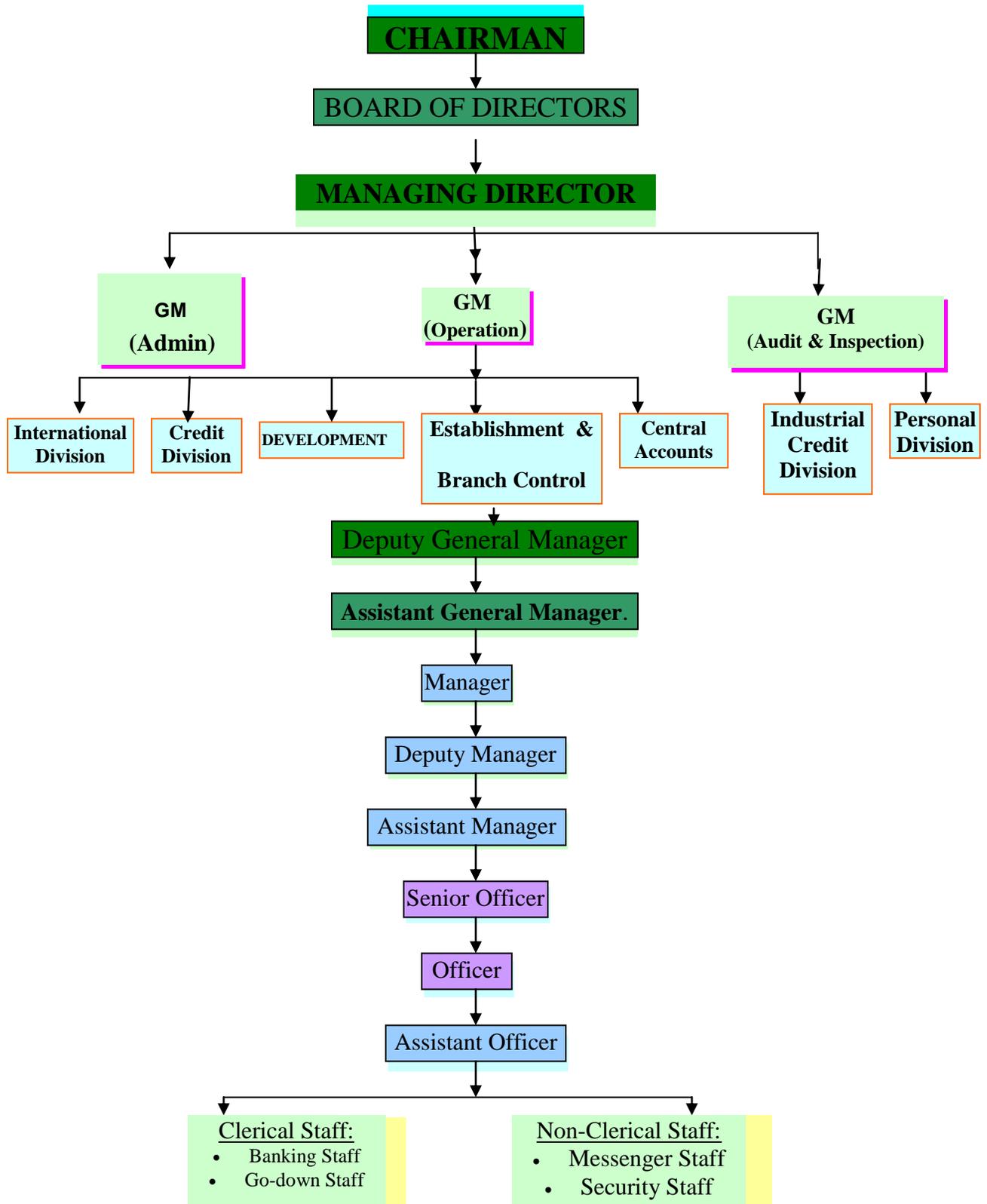
<u>BOARD OF DIRECTORS</u>	<u>BOARD OF DIRECTORS</u>	<u>BOARD OF DIRECTORS</u>
[1] Mr. Alauddin A Majid Chairman BASIC Bank Limited	[2] Begum Parag Director BASIC Bank Limited & Additional Secretary Ministry of Industries.	[3] Mr. Hasan Mahmood, FCA Director BASIC Bank Limited & Partner, M. J. Abedin & Co. Chartered Accountants.
[4] Begum Raihana Aneesa Yusuf Ali Director BASIC Bank Limited & Former Managing Director Bangladesh House Building Finance Corporation.	[5] Mr. Md. Mamun-Al-Rashid Director BASIC Bank Limited & Joint Secretary Bank & Financial Institutions Division Ministry of Finance Bangladesh Secretariat, Dhaka	
[7] Mr. Khondoker Md. Iqbal Managing Director BASIC Bank Limited. Head Office Dhaka.		

[Table – 2] : Board of Directors.

1.5.1 Organizational Structure:

To achieve its organizational goals, the Bank conducts its operations in accordance with the major policy guidelines laid down by the Board of Directors, the highest policy making body. The management looks after the day-to-day operation of the Bank.

[ORGANOGRAM OF BASIC BANK]



1.5.2 Management:

The Managing Director heads the management. The two General Managers and Departmental Heads in the Head office assist him. BASIC is different in respect hierarchical structure from other banks in that it is much more vertically integrated as far as reporting to the Chief executive is concerned. The Branch Managers of the Bank report direct to the Managing Director and, for functional purpose, to the Heads of Departments. Consequently, quick decision making in disposal of assets is ensured.

1.6 Organizational Goals:

1.6.1 BASIC Banks Ambitions:

- ☛ BASIC Bank Limited dedicated their service to the nation through active financial participation in all segments of economy, small industries, trade, commerce and service sector etc.
- ☛ The Banks main manifest to progress as an institution par excellence to customer satisfaction.
- ☛ Global Banking has change rapidly and BSIC as worked hard to adapt to these changes.
- ☛ To pay a vital role in human development and employment generation.
- ☛ To undertake project promotion to identify profitable areas of investment.
- ☛ To search for newer avenues for investment and develop new products to suit such needs.
- ☛ To establish linkage with other institution which are engaged in financing micro enterprise.
- ☛ BASIC keeping pace with the changing environment.
- ☛ To corporate and collaborate with institutions entrusted with the responsibility of promoting and aiding SSI sector.
- ☛ Deep commitment to the society and growth of national economy.

1.7 Resources & Capabilities:

BASIC Bank is a well prepared to and capable of meeting the demand for a broad range of banking services .It has got adequate resources, both human and physical, to provide the customers with the best possible services.

1.7.1 Physical and Technological Resources:

A great deal of investment for developing the physical resource base of the Bank has been made. BASIC has its presence in all the major industrial and commercial hubs of Bangladesh in order to cater to the needs of industry and trade. At present, there are seventy conveniently located branches in all over Bangladesh. There are twenty five branches in the capital city Dhaka, fourteen in Chittagong, three in Narayanganj, two in Norshinnngdi, four in Sylhet, six in Rajshahi, two in Rangpur, nine in Khulna, three in Barishal.

1.7.2 Major Features and Benefits of These Branches:

- * Global banking has changed rapidly and BASIC as worked hard to adapt to these changes.
- * The banks main manifest during force for the banks progress as an institution par excellence to customer satisfaction.
- * Fully computerized accounts maintenance.
- * Well decorated and air conditioned facilities.
- * To pay a vital role in human development and employment generation.
- * A fully operational computer network which is currently being implemented .The work of Local Area Network (LAN) and Wide Area Network (WAN) installation having reliable and secured communication between the branches and the Head Office has established. Which helps any Branch Banking and ATM Services.
- * Money counting & Money checking machine making cash transactions easy, secure and prompt.
- * The bank look forward with excitement and a commitment to bring greater benefits to customers.

- ✧ Sixty out of seventy branches are authorized dealers of foreign exchange. This facilities speedy disposal of transaction of export and import trades.
- ✧ A group of professional bankers to render personalized services.
- ✧ BASIC dedicated their service to the nation through active financial participation in all segments of economy, small Industries, trade, commerce and service sector etc.
- ✧ BASIC keeping pace with the changing environment.
- ✧ Deep commitment to the society and the growth of national economy.

1.7.3 Upcoming Branches:

As BASIC Bank Limited has established branches in all over the Bangladesh and these locations are considered as strong point, thus it is not focusing on expanding more branches in near future. Rather it is focusing on customer service and internal processes. After successfully implemented these actions it will again put effort in the expansion of the branches.

1.7.4 Branch Network of Bangladesh:

At present, there are seventy conveniently located branches in all over Bangladesh.

These Branches are given below: -

☒	DHAKA	[Twenty Five Branches in the capital city]
☒	CHITTAGONG,	[Fourteen Branches in the commercial city]
☒	NARAYANGANJ,	[Three Branches]
☒	NORSHINGDI,	[Two]
☒	RAJSHAHI,	[Six]
☒	RANGPUR,	[Two]
☒	KHULNA,	[Nine]
☒	SYLHET,	[Four]
☒	BARISAL,	[Three]
☒	CHAWMUHONI,	
☒	COMILLA, AND	
☒	COX'S BAZAR	

1.8 Human Resources:

BASIC bank has a well-diversified pool of human resources, which is composed of people with high academic background. Also, there is a positive demographic characteristic –most employees are comparatively young in age yet mature in experience .As of 31st December 2013 the total number of employees is 3,000.

[T – 3]: Number Of Employees.

Number & Education level Of Employees						
Employees	Category		Level of Education		Age	
	Management	Support Staff	Graduate	Post Graduate	Below 40	Above
Number	2000	1000	800	1200	1350	650

1.8.1 Training:

Interactive training on a regular basis, is imparted to employees of both management and non-management levels to meet the challenges in the banking industry and to help employees adapt to changes and new working conditions. During the year 2013, a total of 1,064 employees of the Bank were imparted training in various fields. Out of them 600 employees participated in training course abroad.

1.8.2 Fresh Recruitment:

The Bank follows strict recruitment policy in order to ensure that only the best people are recruited. The Bank, so far, has recruited ten batches of entry-level management staff, all of who has excellent academic background.

1.9 Monetary/ Financial Resources:

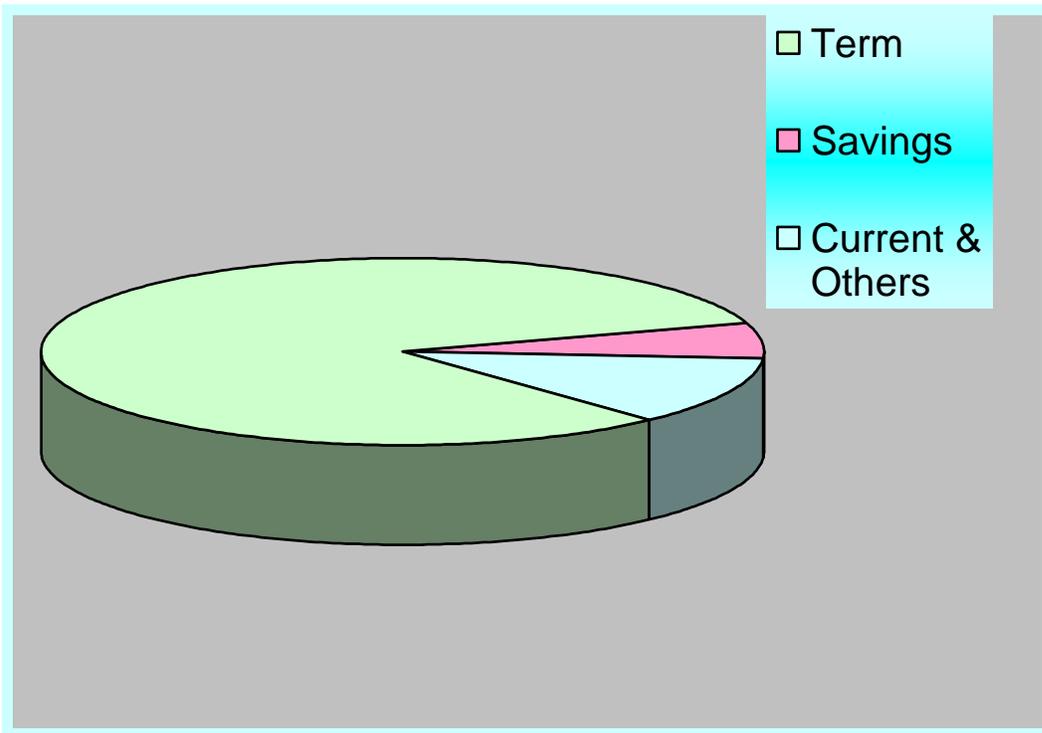
Like any other financial intermediaries, BASIC is no exception in performing its core functions viz, mobilization of fund and utilizing such fund for profitable purpose.

Mobilization of Fund:

The main sources of fund for BASIC are: -

- a) Deposit.
- b) Borrowing.

Chart:1. Deposit Mix in 2003:



1.9.1 Deposit:

Deposit is the mainstay for BASIC Banks sources of funds. The following includes the usual types of deposits of the Bank.

⇒ Current Deposit-

Different group of industrial customers encouraged to open current deposit account includes: commercial, small scale industry, medium scale industry, and large-scale industry. Minimum requirements for

current deposits worth TK 50,000, and maximum amount can be deposited up to TK 10,00,00000.

⇒ **Savings Deposit-**

General clients are targeted group of savings deposit along with the industrial customers. Savings deposit has no particulars to deposit minimum, and maximum. But depositors used to get deducted facilities for drawing money from the deposited figure.

⇒ **Term Deposit-**

Depositors with a minimum TK10, 000 are given term deposit facilities for at least one month by means of highest interest rates. Fix deposit term valid up to six years, and then afterwards depositor can redeposit the sum. Another form of term deposit called short-term deposit (STD), a minimal rate of interest given to deposits whereby depositors can withdraw the after term over. Both for Fixed Deposit (FDD), and Short Term Deposit (STD), all type of commercial, and industrial customers are given preferred services to open a term deposit along with a credit & commerce account.

1.9.2 Deposit Requirements:

In order to stop money laundering Bangladesh Bank issued new agenda for depositors that is strictly followed by BASIC Bank. Clients need to submit photocopy of their national id card, Tax Identification Number (TIN), passport size photograph. For loan, they need to submit mortgaged property's paper, additional papers required along with papers described above.

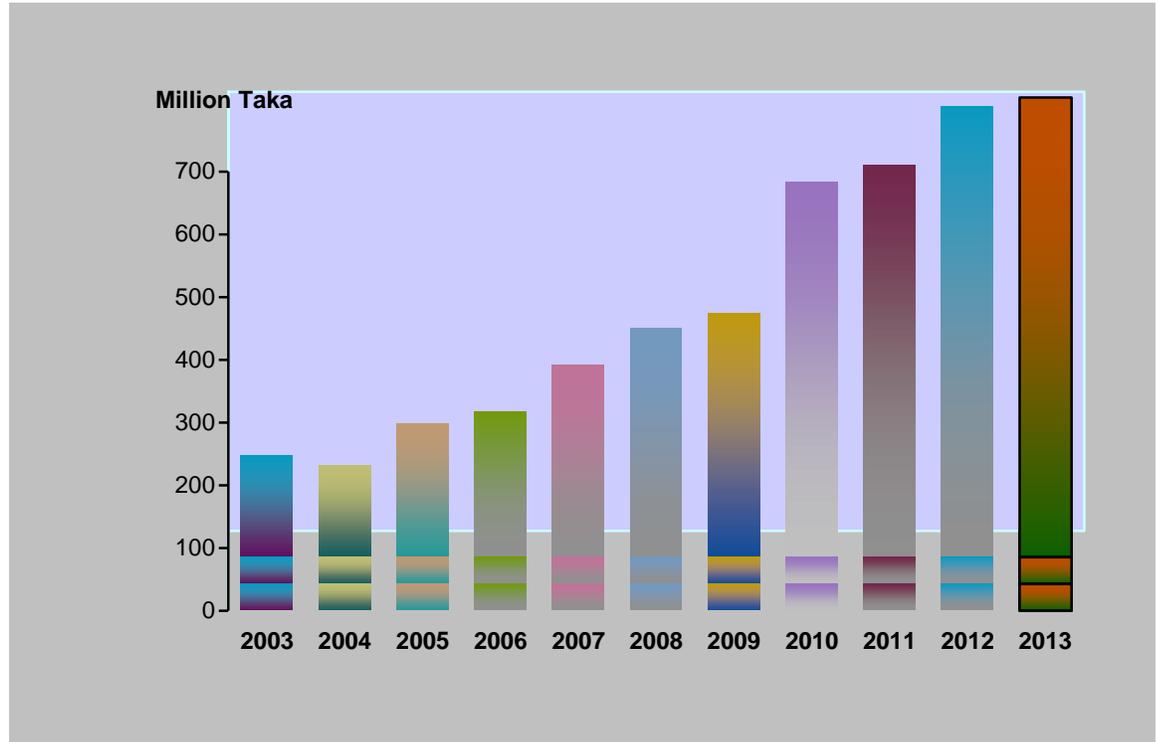
1.9.3 Borrowings:

Apart from deposit BASIC receives funds from-

- ✦ **Bangladesh Bank.**
- ✦ **Asian Development Bank.**
- ✦ **Authorized agencies.**

➔ **KFW (Kreditanstalt fur Wieder-aufbau, credit institution for reconstruction), a German Bank.**

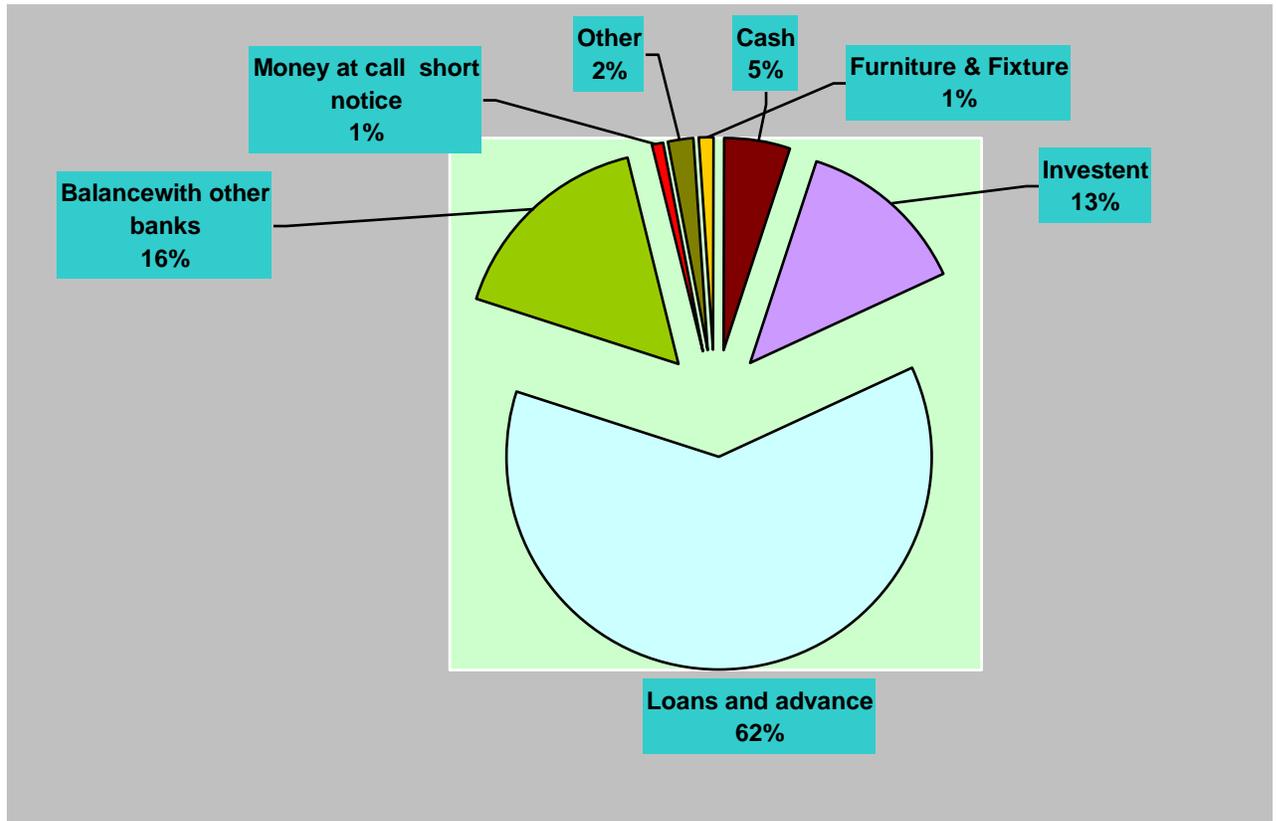
Chart:2. Borrowed for Development:



1.9.4 Utilization of Funds:

BASIC utilizes its funds in accordance with its organizational goals and corporate strategy. Main use is for lending to industrial and trade sectors. Maintenance of cash and statutory liquidity reserve with the Bangladesh Bank covers 20 percent demands and time liabilities. Placement of funds in Nostrums Accounts to handle foreign trade and investment in money market is also done as usual.

Chart:3 Utilized Fund:



1.10 Activities:

1.10.1 Industrial Credit:

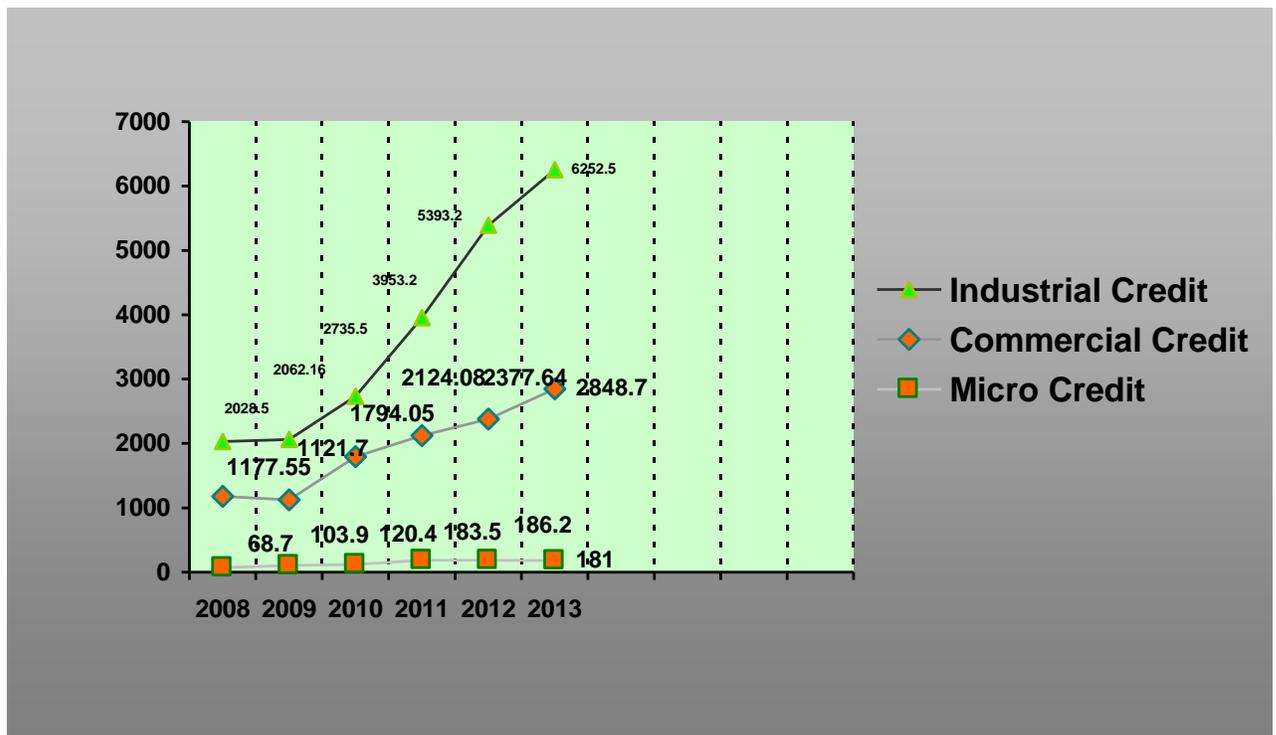
BASIC Bank's services are directed towards promotion and development of the entrepreneurs in the small industries sector. Its exposure to small industries sector accounted for 57.21% of the total loans and advances. A small; industry, as per industrial Policy 1999 has been defined as an industrial undertaking whose total fixed investors is less than Tk. 100 million. In 2013, total outstanding industrial loans including term and working capital stood at Tk.6252.50 million, compared with 2012 Taka of 4653.55 million. It registered a growth of 34.36% over the previous year. Total outstanding term loans stood at Tk.2273.77 million as on December 31, 2013. It was compared with previous year growth at 40.75%. During this year 187-term loan were sanctioned, where 74 projects were new. As on 31 December, 418 projects were in the portfolio of the bank.

The textile sector including garments being one of the major contributions to national economy dominated the loan portfolio of the bank. Other sectors financed include engineering, food and allied industries; chemicals, pharmaceuticals, paper, board, printing, packaging, glass, ceramics, and other non-metallic goods and jute products. Recovery rate of project loan was 88 percent.

1.10.2 Commercial Credit:

BASIC Bank lends support towards development of trades, business and other commercial activities in the country. Short other term trade finance and other non-fund services get full attention in the Bank. The Bank offers a complete range of services to the exporters and importers by extending various facilities. The Bank provides cash credit for local trade, export cash credit, packing credit, local and foreign bills purchase facilities. As on 31 December 2013, total amount outstanding in respect of these facilities stood at Tk.3029.70 million. This includes cash credit for local trade; export cash credit including packing credit, local bills purchase and foreign bills purchase etc.

Chart:4. Annual Credit:



1.10.3 Micro Credit:

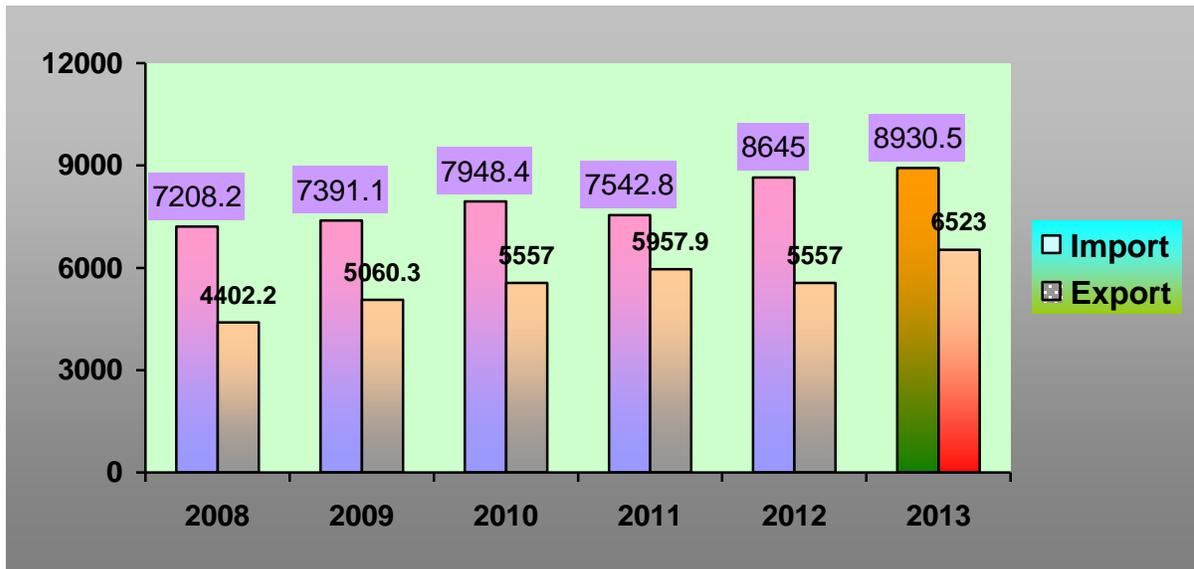
BASIC launched a Micro Credit Scheme in 1994. Micro Credit Scheme provides support for the poor for generation of employment and income on a sustainable basis, particularly in urban and suburban areas. The Bank follows three systems of credit delivery. These are:

- ⇒ Lending to the NGOs who on-lend to their members. At present there are 17 such NGOs.
- ⇒ Lending direct to the target groups or ultimate borrowers under the Bank's own management.
- ⇒ Lending direct to the member-borrowers and NGOs providing non-financial services like group formation and monitoring and supervision fee. As at the end of 2013, a cumulative amount of micro credit of TK. 210.00 million was disbursed. Recovery rate during this period remained at a satisfactory rate of 98.00 percent.

1.10.4 Foreign Trade:

The Bank handles foreign trade in which it has a comparatively large share despite its small size. BASIC provides various facilities related to L/C and post import finance like loan against imported merchandise (LIM) and loan against trust receipt (LTR) to the importers and back to back L/C and pre-shipment finance facilities like export credit, packing credit and foreign bills purchase (FBP) to exporters. So far the Bank has established correspondence relationship with as many as 11 foreign banks in order to facilitate foreign trade. Handling of import business grew from Tk. 8930.50 million in 2013. Export business handled by the Bank also increased of Tk.6523.00 million in 2013. The Bank became a proud member of SWIFT (Society for Worldwide Inter-bank Financial Telecommunication) that would pave the way to achieving uninterrupted connectivity in foreign exchange business and fund transfer.

Chart 5: Export and Import:



1.10.5 Other Activities:

The Bank provides services floor remittance, underwriting, guarantee, public offering of shares etc. The Bank also provides funds to investment and leasing companies. The Bank has recently created a venture capital fund for equity support to innovative but risky projects.

1.11 Functional Divisions of BASIC Bank:

The bank has 70 branches, 8 Zones spread throughout the country. At the head office level there are 12 divisions most of which have more than one functional department which are headed by DGM and Training institute by a director with the rank of CGM.

The names of the Divisions are:

- Personnel Division (PD).
- Establishment & Common Service Division.
- Human Resources Development Division.
- Secretary's Division (Aboard Division).
- General Credit Recovery Division.
- Industrial development finance division.
- International division.
- Control development & co ordination division.

- ☒ **Audits an inspection division.**
- ☒ **Planning and research and statistics division.**
- ☒ **Computer system and procedures division. And**
- ☒ **Law division.**

These are the different division of BASIC bank that are serving their services to the bank as well as to the country with great efforts according to their respective fields.

1.11.1 Functions of Some Important Divisions:

☒ **PERSONNEL DIVISION (PD):**

This division is headed by a D.G.M. Under this division, there are five departments namely: -

- 1. Recruitment department,**
- 2. Promotion department,**
- 3. Transfer department,**
- 4. Records department, and**
- 5. Salaries and welfare department.**

Their functions are as follows: -

- Frame personnel policies of the bank and implement these in harmony with the overall objectives and policies of the bank and the Government.
- Ensure recruitment, promotion, transfer and posting of all officers and staff of the bank in conformity with policies, rules and procedures of the bank and the government.
- Maintain personnel records of the officers and staff and update those for ensuring appropriate personnel actions such as promotion, transfer training etc.
- Deal with compensation package of the employees that include such items as salaries T.A. D.A., house rent, and medical bills.
- Deal with sports cultural and welfare activities for the employees.

- Carry out overall manpower planning form the bank assess the need for recruitment, training and development and sources, methods, and media of training, maintaining and update various types of data on training and skill of the employees.
- Cater training needs of the various categories of the employees of the bank.
- Organization workshop, seminar, symposium and other programs for developing human resources of the bank.

☒ ESTABLISHMENT AND COMMON SERVICE DIVISION:

Under this division, there are 4 departments namely: -

1. **Dead stock & Equipment department,**
2. **General transport pool,**
3. **Security department, and**
4. **Divisional administration department.**

This division performs the following functions: -

- Procure, supply and repair furniture, fixture and other office equipment.
- Collect bank's necessary articles security papers etc.
- Distribute all sorts of stationary.
- Dispatch and receive mail, telephone, telegram telex etc.
- Maintain and control vehicles and purchase spare parts tires, tubes etc. and when necessary.
- Deal with divisional staff administrative matters.

☒ HUMAN RESOURCES DEVELOPMENT DIVISION:

Human resources development division performs following functions: -

- Frame human resources development policies of the bank and implement these in harmony with the overall objectives and polices of the bank and government.

- Carry out overall manpower planning for the bank assesses the need for recruitment training and development and sources.
- Methods and media of training maintain and skill of the employees.
- Cater training needs of the various categories to the employees of the bank.

☒ BOARD DIVISION:

The Board division's functions and activities are as follows: -

- Performing as duties relating to MD/ Review committee/Board of Directors meeting.
- Supervising all functions of MD's secretariat including appointment with visitors, maintaining liaison with government, autonomous bodies and other financial institutional.
- Dealing with matters relating to fund management bill purchase and utilization of surplus fund, credit budgeting banks and maintenance of the records of comparative positions of all financial institutions.

☒ GENERAL CREDIT RECOVERY DIVISION:

It is also one of the vital divisions in the head office and headed by a DGM.

General Credit Monitoring department are:

There are two departments namely.

1. **Advance department.**
2. **Recovery department.**

This division performs the following functions: -

- Co- ordinate and supervise all credit policies and operation of the bank except rural credit and industrial development credit.
- Prepare, monitor and review the central credit budget of the bank.

- Supervise all classified advances other than micro credit and industrial credits.
- Exercise special control over jute advances of all branches and zones.
- Take necessary steps for effective recovery efforts.

☒ **INDUSTRIAL DEVELOPMENT & FINANCE DIVISION (IDFD):**

Under this division there are 4 departments namely.

1. **Appeal & sanction department.**
2. **Implementation department.**
3. **Follow up & recovery department.**
4. **Accounts statistics & data feeding department & special credit department.**

IDFD performs the following functions: -

- Appraisal industrial projects and process for sanction,
- Inspect, supervise and monitor implementation of projects,
- Follow up and supervised use of loans, and
- Plan and undertake recovery drives.

☒ **INTERNATIONAL DIVISION (ID):**

ID performs the following functions: -

- Preparation of the work plan program of the division and distribution of the same among different departments of the division for action or information,
- Accounts and reconciliation activities of the foreign bank account and reconciliation of account section,
- Import and export finance activities of the import financing section and export financing section, and
- Foreign aid/loan/barter/grant operation activities of the aid and barter financing section.

☒ **CONTROL DEVELOPMENT & CO – ORDINATION DIVISION:**

This division is responsible for issuance of operational guidance and instruction to the branches including supply of the operational manual where required. It also ensures maintenance of the existing systems and procedures in respect of general banking by the branches.

☒ **AUDIT & INSPECTION DIVISION:**

Audit & Inspection division is headed by a DGM. There are **6 sections** under this division.

This division performs the following functions: -

- Plan and prepare programs for auditing branches.
- Select audit these and give audit programs to them for implementation.
- Supervise the activities of the audit team.
- Conduct special audit of branches for detection of fraud & forgeries.
- Scrutinize audit reports.
- Submit consolidated compliance report received from branches to the commercial audit department ministry of finance and Bangladesh bank.

☒ **PLANNING RESEARCH & STATISTICS DIVISION (PRSD):**

It has 4 departments namely.

- 1. Business & mgmt. Planning department.**
- 2. Research & publication department.**
- 3. Statistics department. and**
- 4. BASIC bank central library.**

The functions of PRSD are given following: -

- Identify problem /gap areas of operation and management for the purpose of conducting research.

- Appraise system and procedures for updating.
- Evaluate the progress of the bank periodically.
- Develop new services & review existing ones for improvement.
- Prepare annual reports of the bank.

☒ COMPUTER SYSTEM & PROCEDURE DIVISION (CSPD):

This division has 4 sections these are as follows: -

- 1. Systems and programming section.**
- 2. Computer operation section.**
- 3. Data encoding section. And**
- 4. Banking mechanism section & data control section.**

The functions of this division are given below: -

- Identify the computerization needs of the bank.
- Co ordinate with other divisions.
- Plan orientation of the bank's computer with optimum benefit.

☒ LAW DIVISION:

Law division has two performing wings. They are: -

- 1. Follow-up and suit filling wing.**
- 2. General and monitoring wing.**

Law division performs overall supervision of following: -

- Follow- up and suit filling activities of the concerned departments.
- General and monitoring activities of the concerned departments pertaining to counseling service to the top management checking legal prints, drafting lease deeds, checking and verifying deferent forms of the bank.



JOB Part



2.1 Description:

Internship is a part of our studying method. But it is very important in our life. Because it will helps us to overcome from the upcoming obstruction in our job sector. Basically the intention is to get practical knowledge about the job life. As I am studying in Marketing and Finance sector, so it is important for me to know the markets as well. Therefore, I think internship training will bring positive result for me. As a student of finance I need to know the financial industry of Bangladesh. Also we know that in our country Banks are playing a vital role in finance market. Therefore I liked to work in a Bank.

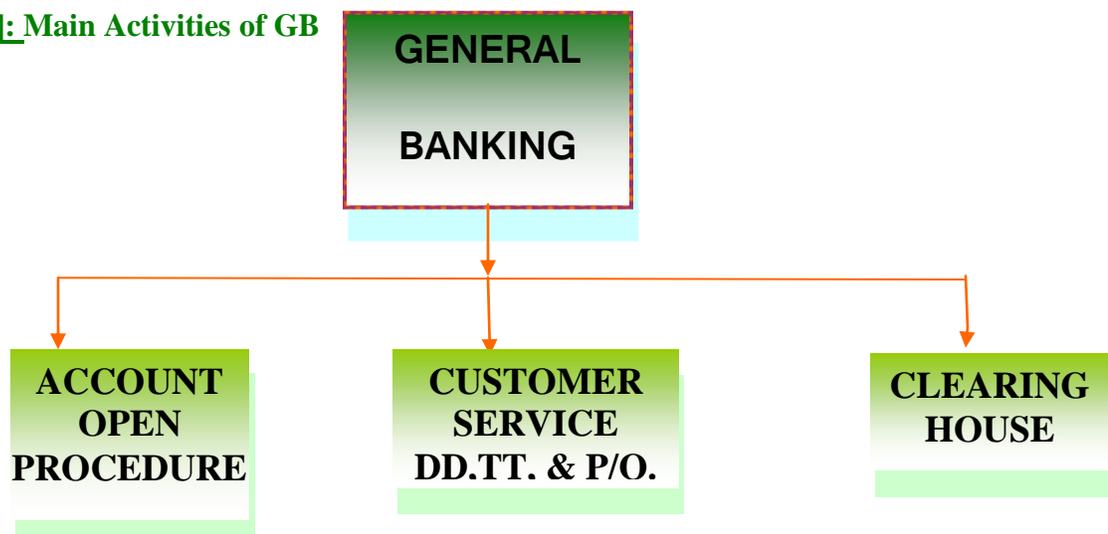
Fortunately I got the opportunity and joined the Basic Bank Limited (Islampur Branch). I have worked in two divisions during my three months period.

Division	Days
General Banking	60
Cash	23
Others	07
Total	90

2.2 Specific Responsibilities of the Job:

As I have passed majority of my specified time in general Banking division, I have earned more knowledge about that division. General Banking is the most important and common part of any bank. Cause majority transaction is held in this section. It has several responsibilities to meet day tot day.

[T – 4]: Main Activities of GB

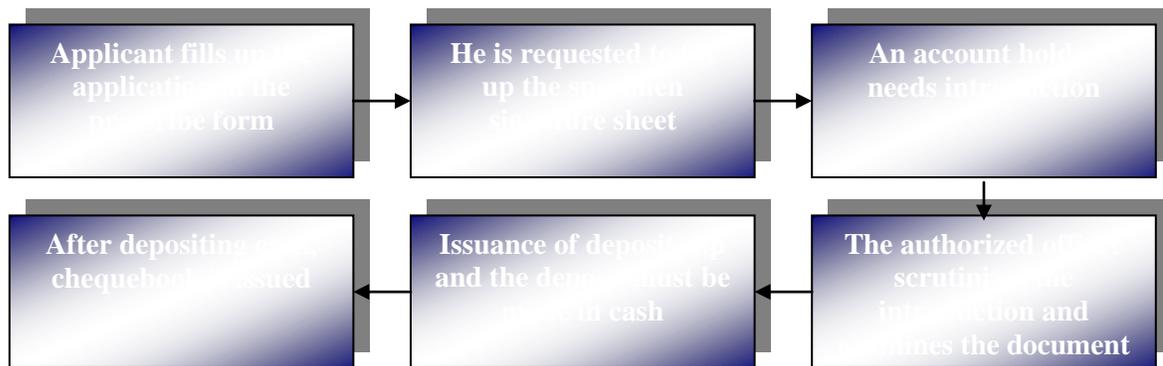


From the table above, we can see this division usually manage these three activities, along with that it manages other related activities of the bank like paying utility bills and so forth. There is a brief discussion about these three main activities-

2.2.1 Account Open Procedure:

Account opening procedure starts with clients selection of preferred account type. The accounts offers by the bank is described earlier. The procedure is shown in a flowchart below-

[T – 5]: Account Open Procedure.



Here bank tries best to lessen the time needed to open the account. Even bank officials fill up the account opening form by their own after collecting the information from clients, which others bank are not doing as far as I know.

Another important act comes under this section is cheque issuance. The procedure of cheque issuance is given below-

[T – 6]: Cheque Requisition Procedure.



2.2.2 Customer Service D.D, TT & P/O:

Through this section customers can do D.D, T.T, PAY ORDER.

Procedures of D.D, TT & P/O:

There are three types of transaction can do through D.D, T.T, & Pay Order as follows:

- * **Cash** – Receive cash and send pay order to another branch.
- * **Accounts to Accounts** – One can transfer his accounts to another branch through D.D, & T.T.
- * **Clearing** – If any client submits any cheque of any other bank, in this case this cheque will collect through clearing house of Bangladesh bank, they collect it in same process.

T.T. – TELEGRAPHIC TRANSFER:

These are two types. One is inward T.T & another is outward T.T. In this procedure one can transfer money from one place to another place. For this reason money carrying risk is reduced. As well as time also save.

This procedure is only applicable for in this bank & its other branches. No one can do T.T. from in this bank to another bank. Cause for any T.T. clients must have accounts in this bank.

D.D. – DEMAND DRAFT:

Demand Draft is another way to pay money or transfer account one branch to another branch. In this case one can pay money to his client to any place of Bangladesh. In this case client does need account in this bank.

These are two types. One is in ward D.D. and another is outward D.D. In this procedure one can transfer money from one place to another place. For this reason money carrying risk is reduced. As well as time also save.

PAY ORDER:

Pay orders are the safest way of making payments, as they are drawn on the bank issuing them. So there is no scope of fraudulent or cheque bouncing. A pay order is issued only

within the members of the Bangladesh Bank clearing house (Dhaka Metro). It can be issued in favor of a customer holding an account, by debiting his account and crediting bills payable account. In case of a non-customer, cash equivalent of the payment plus order charges is received in cash and held in the daily suspense account until the payment is made through clearing.

It is another facility for client to transfer his money to another place. In this he must have an account in this bank. If he has no account in this bank, he can deposit money in this bank and does Pay Order. But in this case he must need a person who knows him. He can deposit check, which is confirmed, by Bangladesh bank's clearinghouse. If it is correct then bank does this Pay Order.

Application must fill up the Pay Order form. Where Pay Order number, Payee name, Amount in figure and in words.

2.2.3 Clearing House:

Clearing House is mechanisms for expeditious settlement of inter bank claims arising out of their constituent's negotiable instruments in presence of representatives of all member banks. In Bangladesh, Clearing arrangements exist in the office of the Bangladesh Bank, at other places in the office of Sonali Bank where Bangladesh Bank has no Office.

Types of Clearing House:

- ☛ There are two types of Clearing System in Bangladesh. They are: –
 - ➔ Inter-Branch Clearing, and
 - ➔ Inter-Bank Clearing.
- ☛ Under the system of Inter-Branch Clearing, inter-branch claims of a particular bank within the City or town area are settled through their Main Office or Local Office.
- ☛ But under the system of Inter Bank Clearing, the claims among the members of the clearing house of different Banks within the area of clearing house are settled under the direct supervision and control of Bangladesh Bank and each member bank of the Clearing House has to maintain their account with Bangladesh Bank

2.2.4 Specific Responsibilities:

I have worked under this division and I have seen all these activities though I did not permitted to do all these activities. My specific responsibilities are given below-

- I have filled up the account opening form. After filling up the form properly it is submitted to the branch head for signing in the form. After that, the form stored in a file based upon there nature. The forms are serially stored so that officials can easily find out the form in time of their need. I have also stored these form accordingly.
- I have also done the account opening procedure. When a client comes, after collecting information from client, officers start account opening procedure by submitting the information in the bank's database using the bank's implemented software Kestler. After providing the needed information to open the account, officers submit a request to the branch in charge. After seeing the request form, branch in charge approve it. I have done the work of inputting data in the software.
- Account opening information is also recorded in a register book based upon the nature of the account. I have recorded these during the period of my internship on a day to day basis. This record was checked by the auditor when they comes for auditing the bank both from externally and internally.
- When a letter comes to the branch it calls inward letter, when it goes from the branch it called outward letter. These letters are also recorded serially based upon the dates. I have done this also. It is also checked by the auditor.
- I have seen the other two activities doing by my colleagues and earned the experience of how these instruments work and how the procedure is done.

2.3 Different Aspect of the Job Performance:

I think doing internship at Basic Bank Limited is a great opportunity for me because I worked in two departments and learn how all departments worked together and co-ordinate with each other. Even though Basic Bank Limited has seventy branches all over the country but the entire branches worked like a family. Each of the branches can easily access to the others branches. As I have informed earlier that I worked under general banking and cash divisions, therefore it is easy for me to access with the other divisions

as well. That's why I got easily access in different divisions and the employees also helped me all the time. Besides these there are some other aspects such as-

- I got real life example from branch manger and deputy general manager and from my colleagues. Also I learned how to get rid from the problems. I think it is one of the important thing I have learned from my internship program.
- I have learned various terms and conditions about the banking activities and it's environment. I have also learned new terms and words using by the bank management from there.
- It gave me practical experience of how to handle clients properly even though they misbehave with the officers. How to remain calm on these situations and complete the task with a time limit. I have also learned how banks record their data for further verification. In single sentence, I have learned how does a bank do its activities.
- I have also seen and understand that how a software combines all the branches and their activities. How much it is important for a bank to maintain its software up to date so that it can meet the environmental changes quickly.

2.4 Critical Observations and Recommendation:

Working at Basic Bank Limited was a great experience for me. I was able to learn may things throughout my internship period. I think it will help me in my near future in building up my career and shape it. Internship gives me an opportunity to know the real working environment and get real life experience. Also it allowed us to know, what types of difficulties we are going to face in the future and how to get rid from those difficulties as well. Though I am not experienced in the corporate culture and I passed a few months in that environment, I came up with some recommendations for the branch and the bank as well. Before moving to that part, through my observation I have seen many positive sides for the branch and the bank itself, and I want to mention a few of them in below-

- All the employees and managers of the bank are very friendly and they are ready to help me all the time.



- The working environment of the bank is very friendly. Throughout my internship period they never underestimate me for anything. What I have needed, they are ready to give it.
- They are strictly following the rules, which I really like. They never ignore the rules.
- Chain of command is excellent in the branch, as well as with the other branches of the bank.
- Bank priorities clients first, thus it pays attentions to them whenever they ask for something. It maintains a good liaison with clients and meet their demand as quickly as possible.

Now a few recommendations I want to add here from my little experience and knowledge-

- Basic Bank Limited (Islampur Branch) need to have highly qualified employees. I do not say that current employees are not good but they need more training about banking terms and rules
- They should arrange more meetings to increase employee's efficiency in the branch. It is very good way to let the employees know that the organization is having an eye on the activities and it will help by providing guidelines. This concerns the officials to work more attentively.
- Bank needs to focus on reducing time of account opening procedure. As it needs to input various data after verifying them and collecting proper documents and signature where needed from the clients, which is a lengthy process, and clients need to wait there until the money was kept in the account. It seemed to me that, clients may become impatience about being remain seated for opening an account for thirty minutes. Though it takes highest thirty minutes in case of improper documents, otherwise it takes less than thirty minutes. Though I felt that it may have an negative impact in the mind of clients and which may make them talk negatively about the bank which ultimately will reduce the account in future. Thus, I have made an discussion with my colleagues how they can reduce the time. One of the way is to make the server and software more updated and



powerful so that it does not take long time to input data, as I have seen a few days the server went down and the software took much longer time than the usual during inputting the data. Another way is to fill up the necessary field in database for opening the account first and send it for approval, after getting the account open, collect the money and give necessary papers to the clients and let them go, the rest of the data will be fill up later, which I think can reduce the time and lessen the impatience of the clients, though I did not see any incidents like that during my internship period.

- Increase the number of computers within Islampur branch, it will make convenient for employees to input the data related to account open and reduce the time as well.
- The bank does not started online banking activities yet, I highly recommend that it will start this as soon as possible. As many others bank already have started online banking. Online banking make transactions more convenience for the clients. In addition to that, the bank needs to introduce the mobile banking activities as well. As people are using mobile phone more rapidly and some banks have started this. The current daily mobile banking activities has grown up to TK.150 corer. This amount will surely increase in the future as consumer of mobile phone is increasing and provider of mobile banking facilities are increasing as well. This is going to be a big business venture in near future. Thus I want to recommend that the bank will pay attention to introduce both the online banking and mobile banking service as soon as possible to remain competitive and earn higher profit.
- It can pay loans to the individual customers like home loan, car loan which is provided by the other banks.
- The bank should focus more on existing customers in order to build strong and loyal relationship with them as satisfied customers more aptly or certainly recommends the bank to friends and relatives. Thus the power of relationship will foster positive Word of Mouth Communication and will attract new customers at a lower cost.

Project Analysis of Cash Division & Its Activities

3.1 Summary:

Bank is a financial institutes that collect money form the surplus unit and gives it to the deficit unit. Different bank have different departments working together to make the banking activity more smooth and safe. BASIC Bank Ltd called these departments as divisions. The four main divisions of the bank is General Banking, Cash, Loans and Advances and Foreign Exchange. The cash division does the basic banking activity, which is cash receipt and payment. Cash division deals with cash, thus it need to be very careful during the work as any mistake can cause disaster and make the cash officers responsible for the deed and carry the burden as well. The cash division helps loans and advances division to pay loans by letting it take the excess amount money. Cash division of the bank arranges cash when it face deficit from the central bank. Cash division tries to maintain a sufficient amount of balance in the vault so that the branches of the bank do not face any shortage and can be able to meet the clients demand. Thus, it faced lack of cash very rarely in its history of banking. The cash division starts its activity on banking hour 10 a.m. and finishes at 4 p.m. For loyal consumers, it even collect money from them after 4 p.m. Cash division calculate the cash, check them properly during deposition, pack them and kept them in the vault. The vault is also being used by other divisions to keep their valuable documents. Tellers, who conduct the monetary transaction with the client in the counter, have both experience and accuracy in collecting cash and calculating it. They maintain polite behavior with clients as this have an impact on the clients and their word of mouth about the bank which is related to the bank's reputation. Cash division plays a big role in the banking activities.

3.2 Description of the Project:

The project is done on the cash division and it's activities of BASIC Bank Ltd. Cash division of a bank deals with only cash. It deposit cash from the consumers and pay cash as well. It provides cash to other divisions whenever they ask for it. Excess cash earned by this division is used to pay loan and advances. This division also finds out source of cash whenever it faces shortage of cash.

3.2.1 Objective of the Project:

The broad objective of this project is to be familiar with the banking environment and its culture and activities as well. Another broad objective is to earn practical knowledge along with the theoretical knowledge. I have gained some practical knowledge through my internship program.

Some other specific objective of the project are given below.

- To know about the cash division of BASIC Bank Ltd.
- Know about the specific activities done by this division.
- Know more accurately how this division collect cash in time of shortage and where it invest in time of having excess cash.
- To have an adequate knowledge about the cash collection and payment system.
- Know accurately about the cash calculation, cash packing and handling process and cash checking as well.

3.2.2 Methodology:

The project is prepared on the basis of information collected from both secondary sources and primary data collection. During my internship period there was an excellent opportunity for me to know about the banking working procedure. Also it was an opportunity for me to know about the cash division more specifically.

The following methodology will be followed for the project.

- ➔ Primary Sources, and
- ➔ Secondary Sources.

Primary Sources:

Primary data sources are scheduled survey, informal discussion with professionals and observation while working in different desks.

The primary sources of my information are as below:

- Direct observation
- Special outlook
- Questioning the concerned persons.

Secondary Sources:

The secondary data sources are annual reports, manuals, and brochures of BASIC Bank Limited and different publications of Bangladesh Bank.

The secondary sources of my information are as below-

- Banks Annual Report.
- Bank Web site.
- Files, records obtained from the store of the bank.
- Bangladesh Bank Circular.

3.2.3 Limitations:

Objective of the practical orientation program is to have practical exposure for the students. My tenure was for twelve weeks only, which was somehow not sufficient. On the other hand to prepare my internship report I have faced some limitations as follows.

- To collect data and information, it is a common tendency of any departments to keep back their departmental data and information.
- Unavailability to required published documents.

Cash section demonstrates liquidity strength of a bank. It also sensitive as it deals with liquid money. Maximum concentration is given while working on this section.

As far as safety is concerned special precaution is also taken. Tense situation prevails if there is any imbalance in the account.

3.3 CASH SECTION:

The function of this unit is to receive and payment of cash. This division only deals with cash. The vault limit for this branch (Islampur) is TK.20,000,000. Each teller is allowed to en cash cheque up to TK.100,000 with their own signature. If additional cash is required then the second man of the branch makes arrangement on request. Moreover, each teller can deposit up to TK.100,000. Here officers need to maintain a mechanism during deposit or pay the money. They can do the transaction up to TK.100,000 with their own if the transaction takes place within the accounts of the Islampur branch only. If the transaction happens from one account of Islampur branch and one from other branch from the same bank, then cash officers need permission from the Assistant Manager to pass any amount transactions. There are one chief officer, one senior officer, and two Banking officers in this department.

Operation of this section starts in the banking hour which is 10 a.m. and ends at 4 p.m. During that period one can do transactions. However, sometimes in case of emergency and for the convenience of the client, bank give the opportunity to make transactions even after 4 p.m. However, these happens only for the important client of the bank. Its like giving privileges to the loyal customers. Cash division starts day by taking out the money from the vault. The amount it take out from the vault to do transactions, depends on the previous days ending balance. In banking term, there lies two cash balance, named opening cash balance and ending cash balance. Ending cash balance is the surplus amount money that remains in the bank after finishing all the monetary activities. This money put back in the vault after calculating and keeping the record in the cash balance book. Then the vault shut down in presence of the branch in charge and cash in charge. There two keys are available for opening the vault which remains with branch in charge and cash in charge. Both of them keep presence in time of closing and opening the vault. This closing balance is the opening balance for the bank in the next day. Again the opening balance recorded in the cash balance book before the distribution of the money. The whole amount of money is distributed within the cash officers so that they can pay the demanded amount. Cash in charge completes this activity and keep record that which officer gets which amount. This helps cash in charge to calculate the ending cash balance. During the whole day cash officers pay and deposit money. As I mentioned earlier that, the average transaction that the branch make is above TK1,000,000 after paying and depositing money, that means this amount remains with the bank after completing all the activities and kept back into the vault.

3.3.1 CASH RECEIPT:

- ➔ At first the depositor fill up the Deposit in the slip. For Savings and DPS account, same type of deposit slip is used by the bank, on the other hand for conventional and hypothesis current account, another type of slip is used. For filling up the slip, client needs to provide account number, date, amount to be deposited and signature of the depositor.
- ➔ After filling the required deposit in slip, depositor deposits the money.

- ➔ Officers at the cash counter receives the money, count it, enter the amount of money in the register kept at the counter, seal the deposit in slip and sign on it with date and keep the bank's part of the slip. Other part is given to the depositor. Officers of cash division takes a close and careful look to the money for the damaged note or illegal note. They take up to 60% damaged notes, otherwise give it back to the depositor. In case of illegal notes, bank gives it back to the client. Officers use machine like ultraviolet note checker to identify illegal notes.
- ➔ All deposit slip of saving; Current and STD A/C are maintained in accounts section.
- ➔ Cash officers also update the database using the software system. They credit the deposit amount in the clients account number. Officers also record the deposit in the register book.

3.3.2 CASH PAYMENT:

Cash payment of different instruments is made in the cash section. Procedure of cash payment against cheque is discussed below elaborately. Cash payment of cheque includes few steps.

- ➔ First of the entire client comes to the counter with the check and give it to the officer in charge there. The officer checks whether there are two signatures on the back of the check and checks his balance in the computer. Along with that checks the signature whether it matches with the account holders signature recorded in the database. If the cheque is carried by another person rather than the account holder, called cheque bearer, officers ask to give a sign in the back of the cheque along with bearer phone number, the signature is asked to verify the bearers signature and phone number for if any inconvenience occurred, then to call the bearer.
- ➔ After matching these, officer debit the client's account by the specific amount by posting it through the software system. The system provides a posted number which is recorded by the officer on the cheque.

- Then officer paid the amount to the client by keeping the cheque while writing the denomination on the back of the cheque.
- Cash paid seal is given on the check and make entry in the payment register.

There are few things that shall be scrutinized and checked before making payments.

- Name of the drawer.
- Account number.
- Specimen signature.
- The validity of the check and make it sure that it is not post dated or undated.
- The amount in words and figures are same.
- There is no overwrite or cross.

3.3.3 CASH BALANCE CALCULATION:

The officer in charge of cash section does the calculation and then Sub-manager or authorized officer will check the balance and sign in the cash balance book. The balance is maintained in the balance book. Opening balance of current day is the closing balance of the previous day. Total receive of the current day is added with the opening balance and total payment is deducted for calculating the closing balance or cash balance. To complete this process, each cash officer matches the amount showed by the computer software with the physical money they have with them. If there is a mismatch, then officers try to find out the reason behind the mismatch. As I mentioned earlier, officers kept slips, cheques and other documents with them. They did it to match the daily activities they have done throughout the day against their daily activities that is recorded by the software system. A print has taken out by the system at the end of the day, then each officer usually match it with the documents they have collected throughout the day. It helps them to find out the imbalance amount if that happens. It is called matching the daily activities. Each officers after completing it, gives the money to the cash in charge, cash in charge, then counts the physical amount of money against the total balance that is showing by the system after collecting the money from the other officers system. If there is no mismatch, then cash in charge record the data in the register book. Then in the



presence of the bank in charge, kept the money in the vault. Here, each details is recorded in the register book, like how many TK.100 are physically collected by the cash counter which is going inside the vault.

3.3.4 Matching Activities:

As I mentioned earlier paragraph, after calculating the cash balance amount each cash officers match their activities they have done throughout the day. They input their activities during the time of occurrence of that activity in the software system and in the register book, along with that they kept the instrument documents. During matching, they take a print out of the activities from the computer and matches with the documents that whether they have put right amount in debit or credit. If they have done this debiting or crediting properly, then no mismatches occur, on the other hand, if they make mistakes, then the mismatch occurs and they can easily find out where they have made the mistake. It helps them in time of mismatching. These print outs are kept recorded on a day to day basis and in time of audit, auditors check these papers. These activities papers are submitted to the assistant manager of the branch who check them and sign them if they are okay before recording them.

3.3.5 CASH PACKING AND HANDLING:

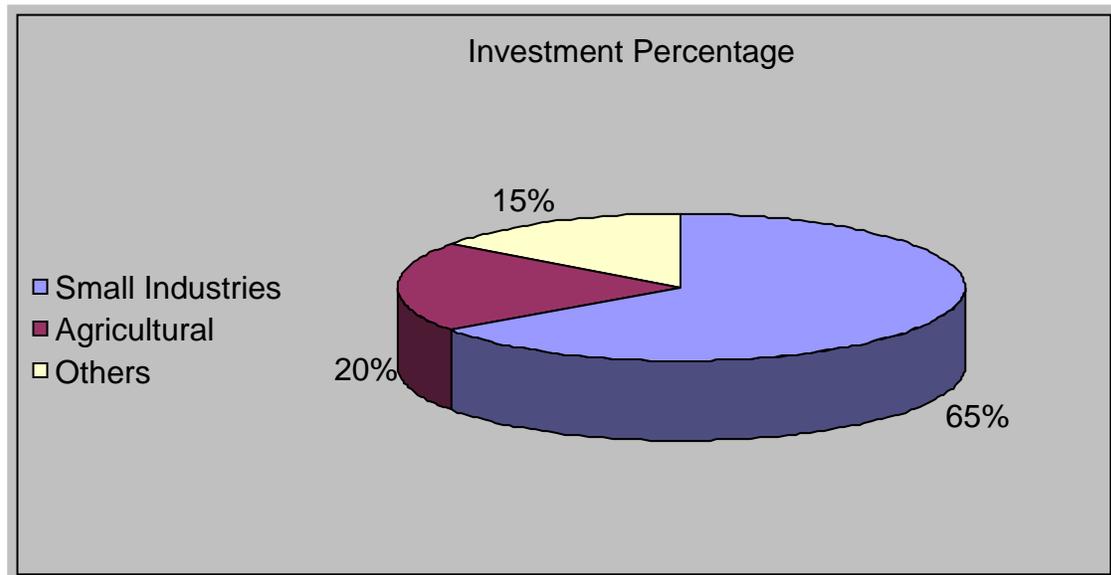
Cash packing and handling needs a lot of care as any mistake may lead to disaster. Packing after banking hour when the counter is closed, cash are packed according to denomination. Notes are counted several times and packed in bundle, statted and stumped with initial. Here, each bundle contains 100 notes of either TK.100, Tk.500 or TK.1,000. Ten bundles of similar valued money make a rim. Each bundle is stamped with the bank seal and initial of the officers who collect them, count them and make them. Then it stapled. Binding ten bundles with rope make a rim. After completing these task, the money is kept in the vault. Usually this task is done everyday after closing the banking transactions. This task is also done in the time of sending money to the main branch which occurs when total cash balance exceeds the branch limit. This work is done very cautiously as any mistake can cause a disaster and let officers responsible for the loose of money.



3.3.6 Bank Vault:

All cashes, valuable instruments and mortgaged property's documents are kept in the vault of the bank. The cash balance limit is TK.20,000,000 in this branch (Islampur). Other documents are carried value as well. Thus total value of the vault considered TK.100,000,000 or above. There is a limit for the cash, so the exceed money is transferred to the main branch. However, the valued documents are kept in the vault of the respective branch where the account is opened, as these documents are needed in the time of paying loan and are checked on a regular interval to ensure that these documents are properly up to dated. The branch limit is also fluctuates based upon the demand of the local people and business. Where there is more demand for monetary transaction in an area, there this limit rises, on the other hand where the demand is low, this limit decreases. Based upon these factors, the main branch determine the limit. In case of the main branch, there does not have any fixed limit for the cash reserve. As it supplies cash to other branches, it always needs to maintain a balance that can meet the sudden demand of a branch. However, it does not reserve all cash, as idle cash does not produce any benefit rather loses the value of money. Thus main branch tries to maintain a balance of TK.500,000,000. This balance is not fix as well. Based upon the demand of other branches it fluctuates. When the demand goes high, the limit as well and the vice versa. With the exceeds money that the main branch collects, it invested those money in various sector. Usually BASIC Bank Ltd uses the excess money to invest in the small industries within Bangladesh. It tries to make an impact in the progress of the small industries. It invests in a rate of range between 12% to 15%. This rates also fluctuates based upon the government rules and regulations. The main investment criteria for the bank is to provide loan. It provides loans to agricultural sector like poultry, farming of fish and similar kinds and mostly in the small industries like small entrepreneur, boutique houses and so on. It gives large amount of loans to the small industries and the rest to the agricultural and other sector. Other sectors are like other banks, corporate institutions and so on.

Chart 6: Investment on various Sectors



However, the bank face the problem of deficit of cash as to meet the client's demand less, as it maintains a sufficient amount in its main branch, though during the period of deficit, it takes money from the central bank rather than from other banks as to other banks, the rate of taking loan is pretty high. As being a government bank, it has the advantage of taking loan from the Bangladesh bank. It pays an interest amount of 13% to 16%.

3.3.7 TELLER CUSTOMER RELATIONSHIP:

Here comes another important factor for the cash officers. As they meet with clients regularly and handle them, they need to ensure that they are meeting the demand of the client quickly and appropriately by behaving properly. In a bank a person who delivers and receives cash from the cash counter is known as teller, a customer meets most of the time in a bank with a teller on the counter. So teller should hold certain quality.

- ➔ Should be friendly.
- ➔ Provide prompt service.
- ➔ Be accurate in his task.
- ➔ Be carefully.
- ➔ To have endless patience.

- Be smart.
- In short a teller should be efficient otherwise he has to pay.

3.3.8 Analysis:

During my internship I have noticed the activities of the cash division from a close range and gained some knowledge about it. From my knowledge I can analyze that the activities done by this division is not easy, rather very sensitive. Any mistakes cause clients anger, loose of money, imbalance of cash and so forth. Among these, cash officers are considered as highly responsible for loose of money and imbalance of cash. If this happens, then they need to compensate that by providing money from their own. Moreover, in case of the anger of clients, the initial response of the client is to misbehave with the officers and in long run the effect is more bad. Clients talk negatively about the bank and then the bank loses its reputation which makes it failure to attract new customers. Thus cash officers need to maintain accuracy along with good behavior. The bank also provides a basic training for them so that they can conduct clients properly. In addition, bank has a focus on the usage of extra money. As I mentioned earlier, idle money loses value of money, thus bank provides loan to various sectors especially small industries, agricultural and other sectors. The bank's loans and advances division helps to find out the client and verify their documents. The loans are classified based upon the time periods.

Term Loan	Duration
Short Term	Up to & including 12 months
Medium Term	More than 12 months up to and including 60 Months
Long Term	More than 60 months

Cash Reserve Ratio (CRR) & Statutory Liquidity Ratio (SRR):

Another important act that the cash division does is to keep a certain amount of money in the vault of central bank of Bangladesh, named Bangladesh Bank. It also needs to buy or invest on certain amount of Bangladesh Bank securities. The amount of which each bank operating in Bangladesh, have to keep in the vault of Bangladesh Bank as a security is known as Cash Reserve Ratio (CRR). The reason behind that, when a bank face financial

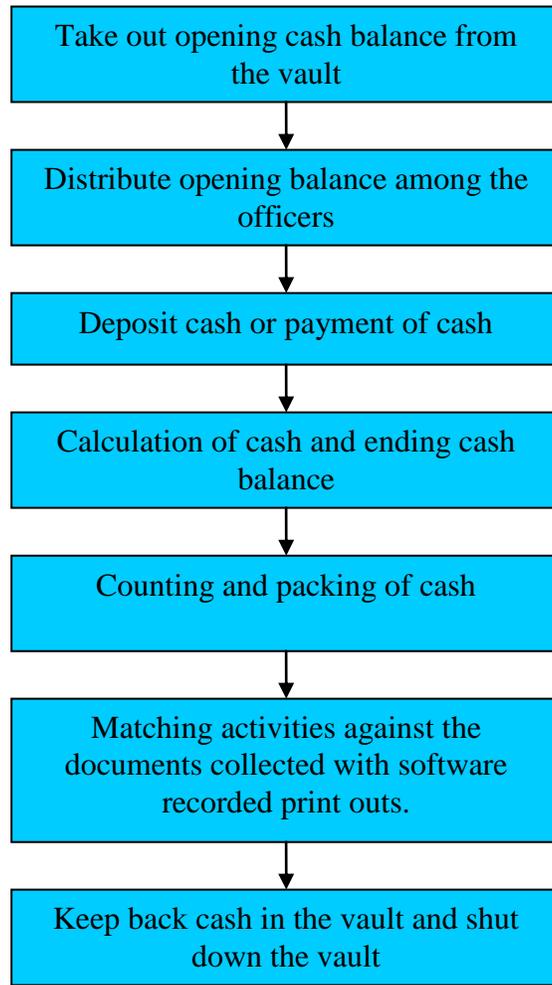
crisis, the bank can take loan from the central bank based upon this, during that period the CRR will be considered as a security. The current rate of CRR is 6% on bi-weekly average basis on the average total demand and time liabilities. The bi-weekly points here after each two weeks, bank needs to make confirm that it has kept 6% CRR on the central bank's vault based upon their average total demand and time liabilities. The amount of cash that bank needs to invest on government securities is called the statutory liquidity ratio (SRR). Current rate of SRR is 13% daily on conventional banks based upon their average demand and time liabilities. That means bank needs to make update of SRR amount on a daily basis if there average demand and time liabilities changes daily. However, SRR is calculated on the excess amount of cash which exceeds limits. For calculating both CRR and SRR, demand and time liabilities are needed. The components of demand and time liabilities included all on-balance sheet liabilities excluding the items listed below-

- a) Paid up capital and reserves;
- b) Loans taken from BB;
- c) Credit Balance in Profit and Loss account;
- d) Inter-bank items;
- e) Repo, Special Repo and any kind of Liquidity Support taken from BB.

Usually, the calculation of CRR and SRR is done by the general banking division after each week. They submit a weekly balance sheet report to the central bank showing their demand and time liabilities. Based upon that report, central bank make the calculation whether the correspondence bank have maintained the CRR and SRR accurately or not. If not, central bank confirms the bank and ask to make the update. Then Cash division pays the cash to the central bank from it's excess of money. That is the mechanism of CRR and SRR. However, the rate of CRR and SRR is solely determined by the Bangladesh Bank, it can either increase or decrease in time of need to make monetary situation of the country balanced and proper.

The bank being a government bank take loan from the central bank rather than going to other banks. However, it faced this type of problem rarely as it maintains a sufficient amount in its main branch so that it can meet the demand of clients. The day to day activities done by the cash division is given below on a flow chart.

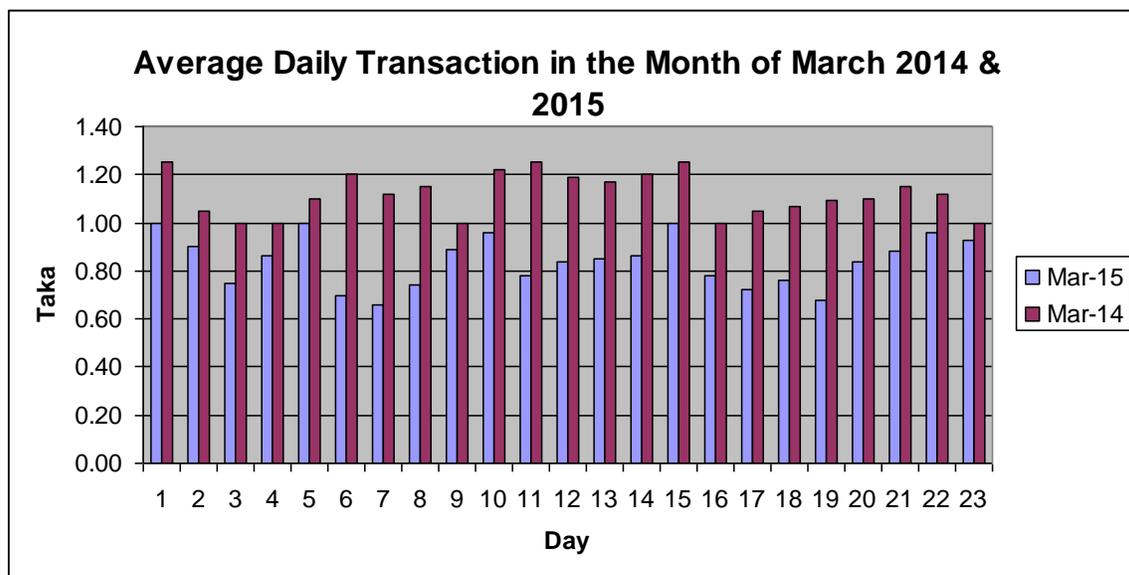
Flow Chart of Cash Division



Day	Year 2015	Year 2014
1	1.00	1.25
2	0.90	1.05
3	0.75	1.00
4	0.86	1.00
5	1.00	1.10
6	0.70	1.20
7	0.66	1.12
8	0.74	1.15
19	0.89	1.00
10	0.96	1.22
11	0.78	1.25
12	0.84	1.19
13	0.85	1.17
14	0.86	1.20
15	1.00	1.25
16	0.78	1.00
17	0.72	1.05
18	0.76	1.07
19	0.68	1.09
20	0.84	1.10
21	0.88	1.15
22	0.96	1.12
23	0.93	1.00
Total	1.93	2.25

Total average transaction in the month of march in the year 2015 and 2014 is 1.93 and 2.25 respectively. As the month is same, the season is same as well, and the business cycle will be the same as it happened in the same time period. Thus the total average amount would needed to be more or less same. However, the difference between the per day transaction of the month of march 2014 and 2015 is 0.32 corer, which is pretty high. This high difference was occurred due the external environment. Otherwise, difference among average transaction amounts of months are not so high as the bank has already reached in its maturity periods. However, in the year 2015, the difference is pretty high as in that time political instability had an impact on reducing the deposit amounts. Normally deposit amounts varies little bit as new account opening varies throughout months which also have impact on total average daily transaction amount. As a result the daily average transaction amount varies as well, but it is not so high like this. As I mentioned earlier that the average daily transaction of the bank is 1.00 corer, we can see that in the above table, during the month of march 2015 daily average transaction amount went below the

average margin of the branch, on the other hand, during march 2014, the average daily transaction is similar of above the benchmark. Now if we calculate the average of the month of march for both 2014 and 2015, we will get 0.98 and 0.84 respectively. Here, we can see both figures are closer to 1, however, the amount of 2014 is more closer to 1 than amount of 2015 thus the variation between benchmark and actual is less in 2014 then in 2015. Though the bank got several growth and progresses during that one year period of time and it was showed in its balance sheet, average daily transaction is increasing as well. However, it faced a downward pressure during the political instable period that is why the variation of actual average and benchmark is pretty high during that period.



The above chart shows the per day transaction that took place in the same month of March, but in different year, that is 2014 and 2015. As I have mentioned earlier that the average transaction of the Islampur branch is 1.00 corer. However it faced hard time in the period of March 2015 and previous months as well because of political instability. The bank was not able to collect its average per day transaction on a day to day basis in march 2015. On the other hand, the chart is showing that it was able to collect and maintain an average balance in the month of march 2014 just because there was no external environmental factor like political instability was available. I have represented only one month period of time however, the instability took place more than one month and due to that the bank faced similar type of problem. I have noticed that during my

internship period as that time, the political instability of our country reached on its peak worsen period.

3.3.9 Results & Discussion:

In the analysis part I have shown that the branch was not able to maintain its average transaction amount which is TK.1 corer. In the results and discussion part I will describe that how this has an impact on the branch and its activities. Not only this branch, all other branches over the country faced the same problem and thus, the main branch and head office took some initiatives to manage the problem. Though the effect was not long term, as people are also reacting to the political instability situation like strike slowly, it took small period of time for the bank to negotiate with these problems. As I mentioned earlier that the main branch of the BASIC Bank Ltd maintains a sufficient amount of money in its own vault, thus it did not have to face the deficit of cash to meet the consumers demand, rather it was able to invest in various sectors and provided loans during this periods. Though it limited its portions of giving loans. During the political instable period, it only paid loans to its loyal consumers who have a long term relationships with the bank. Any new small entrepreneur who wanted to take loan during that period, the bank told them to make more transaction through their accounts of the bank, and after a while, it will provide the loan. I have also seen that during my internship period that loan and advances division of Islampur branch is rejecting loan request from the new clients however, it was providing loan to its old clients, though the rate was low. As we all know that, providing loan is one of the way for a bank to earn profit, though it was not able to provide it due to the situation of not getting the cash from the deposits. One effect of the political instability was that the new account opening was reduced. At the beginning of the political instability, the people were more worried and they were afraid to do their day to day business, thus their income level was reduced and thus the thinking of saving. During that period, people were interested to earn their livelihood properly, rather to save. As a result, the deposit of cash decreased, which I have shown the Chart 7. Average transaction also covers the amount of deposit that happens throughout the day. In fact, the less amount of new deposits, caused the result of reduction of daily average transaction. Old and loyal clients were making their transactions but no new clients were coming on



that period. The bank has managed it by providing loan to less number of people and in less amount. Thus, it did not face the problem of deficit of cash. It rejected the new loan requests from new clients during that period. In addition to that, the head office of the bank took another initiatives during that period to face the problem. This step was not just to face the short term problem, rather it focused on the long run. The process was simple. It selected from its internal employees as marketing officers from each branch and provided them guidelines to communicate with more people by working outside the office and bring more new accounts. Previously, only the marketing division of the head office have some officers who were appointed for doing the marketing and promotional job for the bank. During promotion for new account service, officers from other divisions were appointed to do the promotional activities. However, during that period of political instability, the head office of the bank selected some officers internally form each branch and asked them to work as a marketing officers under their branch. They were told to do only the marketing activities which was initially to go different surrounding places of the branch to communicate with people about banks services and accounts. They were removed from their previous job responsibilities so that they can do the marketing properly. They were given some specific target to meet. During my internship period, I have noticed that change. In the middle of the month of January, when I started my internship in Islampur branch, there were no marketing officers available in that branch. However, during the last phase of the month, when the head office noticed the declining of average daily transaction, it took that initiative. As a result of that, one of my colleague from General Banking division and one from Cash division from that branch selected as marketing officers by the head office and they were removed from their previous job responsibilities and ordered to collect 70 new accounts per month individually. They were also guided by the head office how to do that which I mentioned earlier. These are the steps that the bank took to manage the problem that was created by the political instability.

From my working experience in the BASIC Bank limited, I have learnt that, cash division is the division which does the basic banking activities on a day to day basis. If we see the reason of origin of bank, then we will see that the bank has been introduced to be a





institute that will work as a middle source between the budget deficit and budget surplus unit. It will collect money from the surplus unit and provide money as a loan to the deficit unit. Bank collects money through its cash division. BASIC Bank Ltd also does this basic thing. The activities done by the cash division reflects the overall position of a bank. Consumers usually make transaction with this division and they get an idea with overall banking activities from there. Thus, cash division can be considered as the preface of the book. The environment of the cash division of the BASIC Bank Ltd is very neat and clean. The officers within the division are well organized and trained. They have experience as well. They know how to handle an angry client. Their behavior is also polite. Cash division officers have good knowledge about mathematics and counting, have good educational background as well. Bank when recruiting cash officers, try to recruit those who have above mentioned qualities. The other departments are also dependant on this division. How? Whenever, the general banking division needs to pay a bill, like utility bills, it needs to make the arrangements and take approval. After that it tells cash division to pay the bill, the bill was ultimately paid by the cash division. In addition, when a client comes to the loans and advances division for asking loan, after checking all the documents and verifying them, it asks the cash division to pay the money. If there is not sufficient balance available, then the cash division make the arrangement of the cash. From my observation, I can say that, the cash division of BASIC Bank Ltd is doing its job accurately and providing support to the other division. Whenever we think about a bank, the first thing that came to our mind is cash, and we all know that cash division deals with that.



Conclusion:

BASIC started its journey on 21st January, 1989 with the commitment of economic and social development of Bangladesh. After passing almost 26 years, BASIC still have a distinguished place among the finest banks in Bangladesh. The bank has 70 branches, about 3,000 dedicated employees and more than 75,000 valued clients. The bank is always committed to deliver utmost satisfaction to the customers. The bank is dedicated to provide unique service to its customers, come up with timely and innovative products and services while emphasizing on the latest technology.

The management of BASIC is taking strategic steps to enable the bank to emerge as a strong and progressive institution. With a bulk of qualified and experienced human resource, the bank can exploit any opportunity in the banking sector. It is continuing to make efforts to refine its products and operations to make them more compatible. New deposit schemes have been introduced and action plans have been taken to maintain revenue growth in future. Though the bank has faced some critical financial problems in near past, the management team with the help of government is working on it to take back bank in its previous position along with getting back the reputation. It is also reshaping its corporate structure to be more efficient and effective.

The image created by the bank is very good and the total condition is almost within their control. BASIC has the capacity to utilize all its resources. If it can utilize its all resources, it can earn more profit and can acquire the highest position among the banks inside Bangladesh. I am quite satisfied with their overall performance so far and wish a good success and bright future of the Bangladesh Small Industries and Commerce Bank (BASIC) Limited.



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