



Dutch-Bangla Bank Limited
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Inspiring Excellence

***“A Study on The General Banking and Credit
Risk Grading on Short Term Loans in Dutch
Bangla Bank Ltd.”***

Submitted to

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Submitted by

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LETTER OF TRANSMITTAL

Date: May 18, 2015

Md. Tamzidul Islam
Senior Lecturer
BRAC Business School
BRAC University

Subject: Submission of Internship report.

Dear Sir,

This is my great pleasure to submit the report of my three months long internship program in one of the largest financial institution of Bangladesh, Dutch Bangla Bank Ltd, focusing on ***“A Study on The General Banking and Credit Risk Grading on Short Term Loans in Dutch Bangla Bank Ltd.”*** I have followed your guidelines and have included ideas that you shared during our discussions.

I have put my best efforts to make this report a successful one. It has been a joyful and enlightening experience for me to work in this organization and prepare this report.

I would like to express my sincere gratitude to you for your kind guidance and suggestions in preparing the report. It would be my immense pleasure if you find this report useful and informative to have an apparent perspective on the issue. I shall be happy to provide any further explanation regarding this report if you have any queries on any other relevant matters. I thank you very much for letting me have the opportunity to work on my internship report and really hope to meet your expectations and standards.

With my limited knowledge, I have tried my level best to prepare the report worthwhile. I have tried my best to satisfy my academic requirements as well as the organization’s part in which I was assigned.

I would be glad if you accept the term paper and also requesting to consider limitations with a soft view that had been made due to my limitations and oblige thereby.

With the best regards,

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ACKNOWLEDGEMENT

At the beginning I would like to convey my sincere appreciation to the almighty Allah for giving me the strength and the ability to finish the task within the planned time. Then I would like to express my sincere gratitude to everyone who contributed towards preparing and making this study successful.

I would like to express my sincere and immense gratitude to Mr. Md. Tamzidul Islam, Senior Lecturer of BRAC Business School, BRAC University. I am deeply indebted to him for his supervision during my internship period. His valuable suggestions and guidelines have helped a lot to prepare the report in a well-organized manner.

My special thanks to Mr. Ahmed Istiaque Bin Rafique, Vice president and Manager Dutch Bangla Bank Ltd Gulshan Branch, Mr. Shamim Ahmed, First Assistant Vice President and 2nd Manager, Mr. Baqui Md. Omar Faruk, First Assistant Vice President, Foreign Trade and Credit Division In-charge, Mr. Kazi Sarwar Alam, Senior Executive Officer, Mr. Md. Zahidul Hafiz, Mr. Mohammad Abdul Halim, Executive Officer and General Banking In-charge, Mr. Arif khan and Mr. Md. Mahbubur Rahman, Officer and all other officials for their caring attitude and for helping me all the way to learn various concepts and expand my knowledge in the banking sector and to provide me with necessary support and documents to finish this report successfully.

EXECUTIVE SUMMARY

This paper has attempted to highlight on an evaluation of General Banking and Credit Risk Grading (CRG) in the context of Dutch Bangla Bank Limited, Gulshan Branch. Dutch Bangla Bank Limited is among the leading commercial banks of the country. The first part of the report discusses the general services offered in the bank and the whole process it goes through to serve its customers in a well-disciplined manner. I have given my best effort to include all the necessary points in order to give a clear understanding about the General Banking.

Lending is one of the principal functions of the bank. Sound lending practice therefore, is very important for profitability and success of a bank. For the sake of sound lending, it is necessary to develop a sound policy and modern credit management techniques to ensure that loans/advances are safe and the money will come back within the time set for repayment. For this purpose, proper and prior analysis of credit proposals is required to assess the risk. Credit risk grading is one of the basics for risk management and control, as it is the risk factor inherent in every bank businesses and as the quality of credit is essential for sound banking and its reputation. For the effective application of CRG, expertise and willingness as well as motivation of the bankers are needed. And to do that strong criterion must be followed as such in DBBL. This report should be able to give a clear idea about how and what steps a bank has to go through in order to sanction a loan/credit to a company.

TABLE OF CONTENTS

<i>LETTER OF TRANSMITTAL</i>	<i>i</i>
<i>ACKNOWLEDGEMENTS</i>	<i>ii</i>
<i>EXECUTIVE SUMMARY</i>	<i>iii</i>
<i>TABLE OF CONTENTS</i>	<i>iv-v</i>

CHAPTER 1 INTRODUCTION

ORIGIN OF THE STUDY	2
RATIONALE OF THE STUDY	2
OBJECTIVE OF THE REPORT	3
METHODOLOGY	3
SCOPE OF THE STUDY	4
LIMITATION OF THE REPORT	4

CHAPTER 2 ORGANIZATIONAL SYNOPSIS

HISTORY OF DUTCH BANGLA BANK LTD.	6
BANK PROFILE AT A GLANCE	7
CORPORATE INFORMATION	7
MISSION	8
VISION	8
CORE OBJECTIVES OF DUTCH-BANGLA BANK LIMITED	8
FEATURES OF DUTCH-BANGLA BANK LIMITED	9
CORPORATE CULTURE	9
BANKING PRODUCTS	10-11
MANAGEMENT HIERARCHY	12
MAJOR UNITS OF THE BANK	13
PRODUCT SERVICES INFORMATION	14-16

CHAPTER 3 MY EXPERIENCE AT DBBL

MY JOB EXPERIENCES	18
SPECIFIC RESPONSIBILITIES OF THE JOBS	19
ASPECT OF MY JOB PERFORMANCE	20

CHAPTER 4 GENERAL BANKING OPERATIONS

ACCOUNT OPENING	22
SAVINGS ACCOUNT	22-23
CHEQUES RECEIVED IN THE CLEARING SECTION	24
DISHONOR OR RETURN OF CHEQUE IN THE CLEARING SECTION	24
CASH SECTION	25
CASH RECEIVING/GIVING PROCEDURES	25
ONLINE BANKING	26
CARD DIVISION	27
DEBIT CARD	27
DEBIT CARD CHARGES	28
CREDIT CARD	29
CREDIT CARD CHARGES	30
RECEIVING CHEQUE REQUISITION SLIP	30
RECEIVING THE CHEQUE BOOK	31
DELIVERY OF THE CHEQUE BOOKS	31

CHAPTER 5 CREDIT RISK GRADING ASSESSMENT

INTRODUCTION	33
DEFINITION OF CREDIT	34-35
DEFINITION OF RISK	36
DEFINITION OF CREDIT RISK GRADING (CRG)	37
FUNCTIONS OF CREDIT RISK GRADING	37
USE OF CREDIT RISK GRADING	38
PRINCIPLE RISK COMPONENTS	39
NUMBER AND SHORT NAME OF GRADES USED IN THE CRG	40
HOW TO COMPUTE CREDIT RISK GRADING	41
DIAGRAM OF THE WHOLE LOAN APPRAISAL AND APPROVAL PROCESS	42

CHAPTER 6 RECOMMENDATION & CONCLUSION

RECOMMENDATION FOR IMPROVEMENT	44-45
CONCLUDING SUMMARY	46
REFERENCES & BIBLIOGRAPHY	47

CHAPTER 1

INTRODUCTION

ORIGIN OF THE STUDY

The report has been prepared as a requirement of the internship program which is based on the financial organization Dutch Bangla Bank Ltd (DBBL). This report will definitely increase the knowledge of other students to know the banking industry of Bangladesh, and various services DBBL is providing to sustain as a leading bank in Bangladesh.

In our BBA program, everything we have learnt is purely theoretical. It was needed to do some practical work for more clarification. This report is the result of my 3 months internship program in Dutch Bangla Bank Gulshan Branch.

RATIONALE OF THE STUDY

The practical study of general banking and customer satisfaction might vary for different reasons compared to the theoretical concepts. According to the situation and culture of Bangladesh, the operation activities of the general banking and customer's satisfaction are obviously different from other countries. As a part of BBA curriculum every students have to complete internship program and prepare a project paper through theoretical knowledge and practical revelation during the internship period. The perfect coordination between theory and practice are a paramount importance in the context of modern business world as regards to resolve the dichotomy between these two areas. Any academic course of the study has a great value when it has practical application in the real life. The report is titled "*A Study on The General Banking and Credit Risk Grading on Short Term Loans in Dutch Bangla Bank Ltd.*" As a student of BBA this study will be more significant in my practical life, I am working at Gulshan branch of Dutch Bangla Bank Limited to complete the internship program as an academic requirement.

OBJECTIVE OF THE REPORT

To complete the Internship as per requirement of BBA program of BRAC University the following objectives were needed to be considered-

- To present an overview of General Banking Division of DBBL.
- To discuss the workflow of General Banking Division of DBBL, Gulshan Branch.
- To present an overview on the Credit Risk Grading on short term loans (STL).
- To get an overview about what kinds of risk the bank is facing in this regard and how they are minimizing it.
- To develop practical knowledge about General Banking and Risk grading & credit assessment.

METHODOLOGY

This report has been prepared on the basis of experience gathered during the period of internship and my own learn and understanding. The entire process has been made by collecting primary data which played a vital role and easy to write down the report and secondary data was needed for supportive structured buildup to the report.

➤ **Primary Data:**

- Direct conversation with the bank officers.
- Daily activity conducted by me at the bank.

➤ Secondary data:

- Annual report of Dutch Bangla Bank Ltd.
- Web browsing.
- Journals and Books.
- Documents provided by the bank officials.

SCOPE OF THE STUDY

DBBL is one of the leading banks in Bangladesh. The report covers the background, functions of General Banking and Credit Risk Grading on short term loans of the bank. The scope of the study is just to acquaint with these two scenarios of DBBL.

LIMITATIONS OF THE REPORT

- The organization maintains confidentiality about certain information so they are reluctant to disclose to all. Hence, the report does not have many important information and data.
- Sometimes the concerned personnel may not provide enough time due to rush banking hours.
- As a matter of fact three months is too short after that I had tried to give best effort to my learning purpose.

CHAPTER 2

ORGANIZATIONAL

SYNOPSIS

HISTORY OF DUTCH BANGLA BANK LTD

Dutch-Bangla Bank Limited (DBBL) is a scheduled commercial bank. The Bank was established under the Bank Companies Act 1991 and incorporated as a public limited company under the Companies Act 1994 in Bangladesh with the primary objective to carry on all kinds of banking business in Bangladesh. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

DBBL- a Bangladesh European private joint venture scheduled commercial bank commenced formal operation from June 3, 1996. The head office of the Bank is located at Senakalyan Bhaban (4th floor), 195, Motijheel C/A, Dhaka, Bangladesh. The Bank commenced its banking business with one branch on 4 July 1996.

Banks are the pillars of the financial system. Specially, in Bangladesh the health of the banking system is very vital because the capital market is little developed here. As the banks are still the major sources of credit and exercise great influence on the financial system, it is extremely important that the country's banking systems should be in good health in the interest of investment activities meeting the needs of all kinds of finance and related matters.

Over the years, Dutch-Bangla Bank Limited has built itself as one of the pillars of Bangladesh's financial sector and is playing a pivotal role in the extending the role of private sector of the economy. The bank has strong branch network national wide with 79 branches.

BANK PROFILE AT A GLANCE

Name:	Dutch-Bangla Bank Limited
Year of Establishment:	1996
Authorized Capital	4000 million taka
Paid up Capital:	2000 million taka
Number of Branches:	145
Number of Employees:	2000+
Total Number of Shareholders:	200,000,000
Total Profit Figure in 2014:	2206.6 million taka
Total Deposit of the Bank in 2014:	166,762 million taka
Total Number of Executive & Officers:	900+
Earnings per Share :	11 taka as FY 2014
Business Link:	Different Organization both Government and Non-Government

CORPORATE INFORMATION

Registered Office: Sena Kalyan Bhaban (3rd Floor), 195, Motijheel Commercial

Area, Dhaka 1000, Bangladesh

MISSION

Dutch-Bangla Bank Limited, engineers' enterprise and creativity in business and industry with a commitment to social responsibility. "Profits alone" do not hold a central focus in the Bank's operation; because "man does not live by bread and butter alone".

VISION

Dutch-Bangla Bank dreams of better Bangladesh, where arts and letters, sports and athletics, music and entertainment, science and education, health and hygiene, clean and pollution free environment and above all a society based on morality and ethics make all our lives worth living. DBBL's essence and ethos rest on a cosmos of creativity and the marvel-magic of a charmed life that abounds with spirit of life and adventures that contributes towards human development.

CORE OBJECTIVES OF DUTCH-BANGLA BANK LIMITED

Dutch-Bangla Bank believes in its uncompromising commitment to fulfill its customer's needs and satisfaction and to become their first choice in banking. Taking cue from its pool of esteemed clientele, Dutch-Bangla Bank intends to pave the way for a new era in banking that upholds and epitomizes its vaunted marques "Your Trusted Partner"

The Goal of the Bank: To share a significant portion of the banking sector's by utilizing available manpower and also state of the art technology for maximizing the shareholders wealth.

- Long-term goal: To maximize the wealth of the shareholders.
- Short-term goal: The earnings must bring satisfactory rate of return on investment providing wide range of banking services.

FEATURES OF DUTCH-BANGLA BANK LIMITED

There are so many reasons behind the better performance of Dutch-Bangla Bank Limited than any other newly established banks:

- Highly qualified and efficient professionals management the bank.
- Dutch-Bangla Bank Limited has established a core Research & Planning Division with efficient persons.
- The Bank has established correspondent relationship with more than 100 of foreign banks.
- The state of the art computerized operation system in all branches of DBBL has provided the frequent and prompt customer service.
- The inner environment and teamwork of all branches in DBBL motivated all employees to achieve the ultimate objective of DBBL.
- Dutch-Bangla Bank Limited has become a member of the SWIFT system to expedite foreign trade transaction.
- Dutch-Bangla Bank Limited has introduced some scheme for the purpose of saving of low income people which are not available in other like "Ajibon Pension Scheme".
- The Bank offers attractive saving rate than other financial institutes.
- Dutch-Bangla Bank Limited provides loan to the customers at lower interest with easy and flexible condition than the others do.
- Dutch-Bangla Bank Limited charges lower commission from their customer in comparison with other banks.
- Along with the profit generation Dutch-Bangla Bank Limited also maintains social responsibilities.
- The Bank has always guided their potential customer by giving valuable advises.

CORPORATE CULTURE

Dutch-Bangla Bank Limited (DBBL) is one of the most disciplined Banks with a distinctive corporate culture. In this bank, it believes in shared meaning, shared understanding and shared

sense this bank, it believes in shared meaning, shared understanding and shared sense making. The People of bank can see and understand events, activities, objects and situation in a distinctive way. They mold their manners and etiquette, character individually to suit the purpose of the Bank and the needs of the customers who are of paramount importance to them. The people in the Bank see themselves as a tight knit team/family that believes in working together for growth. The corporate culture they belong has not been imposed: it has rather been achieved through their corporate culture.

BANKING PRODUCTS

Account services

- Savings Deposit Account
- Current Deposit Account
- Short Term Deposit Account
- Resident Foreign Currency Deposit
- Foreign Currency Deposit
- Convertible Taka Account
- Non-Convertible Taka Account
- Exporter's FC Deposit(FBPAR)
- Current Deposit Account-Bank
- Short Term Deposit Account-Bank

Term Deposits services

- FDR (Tenures are 1 month @ 5%, and 3 months, 6 months and 12 months @ 7%)
- DPS (@ of 8.5% on various tenures and amounts).
- MPS
- CHESS

Loan & Advances

- Life Line (a complete series of personnel credit facility)
- Loan angst. Trust Receipt
- Transport Loan
- Real Estate Loan (Res. & Comm.)
- Loan Against Accepted Bill
- Industrial Term Loan
- Agricultural Term Loan
- Lease Finance
- Other Term Loan
- FMO Local currency Loan for SME
- FMO Foreign currency Loan
- Cash Credit (Hypothecation)
- Small Shop Financing Scheme
- Overdraft



MANAGEMENT HIERARCHY

Chairman
Director
Managing Director
Additional Managing Director
Deputy Managing Director
Senior Executive Vice President
Executive Vice President
Senior Vice President
First Vice President
Vice President
Senior Assistant Vice President
First Assistant Vice President
Assistant Vice President
Senior Executive Officer
Executive Officer
Senior Officer
Officer
Assistant Officer
Trainee Officer
Assistant Relationship Officer

MAJOR UNITS OF THE BANK

- Board Secretariat
- Office of the Managing Director
- Office of the Additional Managing Director
- Office of the Deputy Managing Director (Operation)
- Office of the Deputy Managing Director (Administration)
- Accounts Division
- Credit Division
- Card Division
- Credit Administration Division
- Credit Monitoring & Recovery Division
- Corporate Banking Division
- General Services Division
- Human Resource Division
- Information Technology Division
- International Division (Treasury Back Office)
- Internal Control And Compliance Division
- International Division (Front Office)
- Medical Consultant
- Retail & SME Division
- Training Wing



PRODUCT & SERVICES INFORMATION

CARD PRODUCTS	<ul style="list-style-type: none">• DBBL-NEXUS Chip system Debit card
IT PRODUCTS	<ul style="list-style-type: none">• Truly Online Banking• Wide range of ATM & POS Internet Banking• SMS & Alert Banking
RETAIL BANKING PRODUCTS	<ul style="list-style-type: none">• DBBL Life Line: From the basket of Life Line, DBBL is offering a complete series of credit facilities for individual service holders, professionals and self-employed person. They are-• Health Loan: Hospitalization or other emergency medical needs; To purchase body fitness equipment.• Education Loan: For Higher education purposes, Tuition fees and others.• Professionals Loan: Purchase of Professional equipment; For Office renovation/decoration etc.

RETAIL BANKING PRODUCTS

- Travel Loan: For Honeymoon trip, abroad or in the country For Family trip, abroad or in the country.
- Festival Loan: To enjoy festive period, Gift for the family / in laws / relatives.
- Dreams Come True Loan: To purchase TV, Fridge, Furniture, Home theatre, Motor Cycle, AC etc. To decorate/renovate own Home/Car.
- Care Loan: Loan for fulfillment of parents need/dream. To purchase economy car for the family (i.e. to purchase low cost second hand car)
- General Loan: Any other legitimate purposes which do not fall under the above specific lines.
- Marriage Loan: To meet marriage expenses for himself/herself, Marriages in the family.

<p>SECURED CREDIT LOANS</p> <p>(FLEXIBLE FACILITY WITH MINIMUM SECURITY)</p>	<ul style="list-style-type: none"> • Auto Loan: To purchase a new / re-conditioned car, Refinancing of availed car. • Home Loan: To purchase a flat/Refinancing of owned house property, Home renovation, Extension/construction of building. • Full Secured Loans: Loans for family expenses Any other valid purposes.
<p>DBBL FUTURE LINE</p>	<ul style="list-style-type: none"> • Secured / Clean OD Loans: Flexible OD loans in Debit Card, OD facility against security, OD facility against salary. • DBBL Deposit Plus Scheme (DPS), • DBBL Periodic Benefit Scheme (PBS), • DBBL Bochore Dergun Scheme (BDS), • DBBL Children Education Savings Scheme (CHESS), • DBBL Pension Plus (PP).

CHAPTER 3

MY EXPERIENCE AT

DBBL

MY JOB EXPERIENCES

I have joined Dutch Bangla Bank Gulshan Branch on February 10th 2015 as an intern. Such a warm welcome by all the officials boosted my confidence up to a level. At the beginning I was assigned on the General Banking Division. I became very friendly with almost everyone in the General Banking Department within a very short span of phase. Although I got the chance to work; more specifically to assist in General Banking Department, there are two more departments commonly known as the Loan or Advances Department and the Foreign Exchange Department.

The General Banking Department sounds somewhat an easy going department however has the most critical job according to me, as this department has to handle different types of customers or clients often, that too directly. This department has taught me some very essential jobs that are very crucial in this modern era of banking. I have learnt how to open a bank account, filling the formalities of the form, how the customer information number is given, writing a pay order, giving cheque books, how the clearings of cheques are done. Moreover, what type of products they offer to their old and new clients is also imparted by the personnel of this branch of Dutch Bangla Bank Ltd. While I was working on the accounts department I also learned to do online GL, giving payroll salaries to various company employees.

In the foreign exchange division and credit division I learnt how to open L/C's, how remittances are delivered to the customers, filling up TM forms online in the Bangladesh Bank website and how to grade customers in the risk factors before giving loans to giant companies. Learning the above activities was not possible unless I had a strong guidance and cooperation from the people who were always ready to help me whenever I needed them. Unlike the other organizations whose behavior is more of domineering type, the behavior of these people made me feel one of them. Basically, the environment of this branch or the people is very generous, that also taught me to stay always closer to the ground. Although only three months is not sufficient to learn everything of banking world, I tried my heart and soul to relate my theoretical knowledge with practical one. In words, the experiences I have gathered from working in this branch will surely going to be a great help in my future as well as in building a better career.

SPECIFIC RESPONSIBILITIES OF THE JOBS

General Banking department executes the core functions of a bank. It deals day to day transactions and customer enquiries and asked services. Generally, it has the following core responsibilities: General Banking Department has many sections they are-

- Accounts Opening Section.
- Collection and Clearing Cheques.
- Cash Section.
- Card Section.

Accounts Department's responsibilities include:

- FDR
- Payroll Salary on Every Month.
- Giving Statements and Solvency Certificates and Other Necessary Documents Needed By the Customers.
- Paying Various Bills.
- IC & CD and CAMLCO search list compliance.
- Miscellaneous compliances for IT, GSD and Audit objections.
- Almost All the Work Here are Done an Online GL and Needs Experience.

Foreign Exchange and Credit Division:

- Dollar Endorsement.
- L/C opening and other related works including issuing back to back L/C's.
- Remittance delivery.
- TM form monitoring online.
- Online import monitoring.
- Online export monitoring.
- Providing Short term loans.
- Credit Grading.
- Special Credit Division for Women Entrepreneurs.

ASPECT OF MY JOB PERFORMANCE

I consider myself lucky to be a part of one of the largest financial institutions in Bangladesh. This internship program of 3 months has made me learn so many new things such as how the corporate culture works, how to deal with various types of customer demands and how to cope with work pressures.

While I was assigned on the GB division, my core responsibilities included customer dealings on various issues and queries, providing information as well as getting to know the customer and their motives. I had to open various types of accounts such as savings, salary, RFCD, joint savings, CD account, FDR, DPS etc. I delivered cheque books of personnel and CD account holders. I had to maintain some papers and files regularly such as the number of accounts opened and what type, the number of cheque books requisitioned and delivered, from the DBBL portal website. I also calculated DPS and DPS Tax amounts. The one thing I want to mention is that DBBL is almost a paper free organization. There we had to do all the works on computers, in its state of the art software system. The beauty of it was, it supported intra banking of all the branches of DBBL and all the works that are done are and can be closely monitored. Therefore, the percentage of mistakes is at minimal.

In the Accounts Division, I gave out statements and solvency certificates. Under supervision of my superior I also gave out salaries on online GL.

Working in the Foreign Trade and Credit Division, I learnt how to issue L/C's and other various related papers. I filled up the online TM form on Bangladesh Bank website. In the credit division I worked on a company's application to provide short term loan of Taka 60.00 million and did credit risk grading analysis following the Bangladesh Bank's rules and regulations.

CHAPTER 4

GENERAL BANKING

OPERATIONS

ACCOUNT OPENING

I was assigned to work with account opening department. In a whole day, I have to open more than 15 accounts. Customer's account opening is a lengthy process. Following types of account are generally opened by the Dutch-Bangla Bank:

- Savings Deposits Account
- Current Deposits Account
- Short Term Deposit
- Fixed Deposit
- Monthly Term Deposit
- Excel account
- Salary account

My responsibility was to help customer and open this type of account instantly. Most of the times I had to open lots of salary accounts. In this branch, we have more than 70,000 accounts.

SAVINGS ACCOUNT

Requirements for opening a Savings Account

- Introducer
- Photocopy of National ID or Driving License or Passport of Customer
- Photocopy of National ID or Driving License or Passport of Nominee
- 2 Photo of customer
- 1 Photo of Nominee
- Photocopy of Customers residence utility bill not older than 3 months.

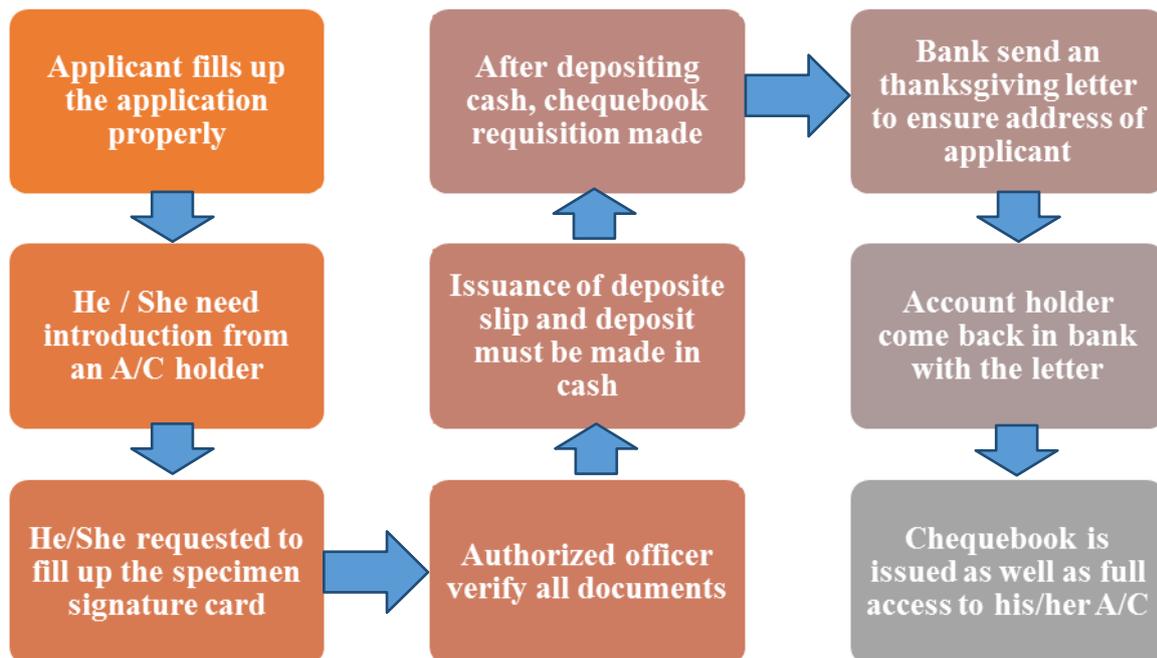
To open a saving account customer will have to fill up an application form supplied by the bank. The form contains following particulars:

- a. Name of the applicant
- b. Name of father/husband of the applicant
- c. Profession
- d. Two copies Photograph of the applicant
- e. 1 copy photograph of the nominee

- f. Present address
- g. Permanent Address
- h. Contact number
- i. Introduction by any account holder or by a person acceptable to the bank.
- j. Verification by the concerned officer of the branch.
- k. Signature of the applicant.

After filling the form, applicant will have to sign thrice on the specimen signature place in the form. This signature values a lot while receiving cheque book and ATM card PIN number. These documents are then checked by the concerned officer and sent to the account opening section. There, all information is inputted in the online system. After putting all information of the applicant, it will be authorized by the general banking in-charge and then a new account number will be given. After completion of the above mentioned formalities, a new account is opened with the bank for the new customer. Account can be open in joint name by two or more parties but who will operate the account it should be mentioned in the application. To obtain a cheque book and Debit Card, the new account holder must deposit at least Tk. 500 in his account. This amount may vary depending on account type.

ACCOUNT OPENING FLOW CHART



CHEQUES RECEIVED IN THE CLEARING SECTION

I worked 2 weeks in the Clearing section. The main responsibility was receiving several cheques from the clients. Normally I have received 3 types of cheque book.

- DBBL cheques
- Other bank's cheques
- Bangladesh Bank's cheques

Before receiving a cheque i have to check some essential parts.

- I have to ensure that client have written his account number and mobile number behind the Cheque.
- Check the clients name in the Cheque and Deposit slip
- Check the clients Cheque number in the Deposit slip

If the cheque amount is more than 100,000, then I have to check clients account Transaction Profile, if the account has no Transaction Profile I ask him to complete his Transaction Profile.

DISHONOR OR RETURN OF CHEQUE IN THE CLEARING SECTION

A banker can dishonour a cheque in following situation:

- Insufficient fund
- Amount in Figure and word Differs
- Stale cheque
- Post-dated / undated cheque
- Drawers signature differs
- Payment stopped by drawer
- Missing endorsement
- Missing corporate stamp.

- Incorrect amount / cheque number / Account number
- Account closed / Dormant / Blocked
- High value (more than 5 lac) item presented to an ineligible branch
- Cheque not activated
- Credit limit exceed
- MICR data & Image mismatch etc.

CASH SECTION

There are 12 counters work simultaneously in cash section of DBBL, Gulshan Branch. There is also some electronic counting machines by which a huge amount of cash money can be counted within a few seconds.

CASH RECEIVING/GIVING PROCEDURES

The work of cash receiving counter is examining deposit slips. Depositor will use the prescribed deposit slip supplied by the bank to deposit cash, cheque, demand draft, pay order, etc. In all types of deposit the teller must check the following things:

- The slip has been properly filled-up.
- The title of the account and its number.
- The amount in figure and in words is same.
- Instrument signed by the depositor.
- Date of the instrument.

After checking all these things the teller will accept cash, cheque, demand draft, pay order, etc. against deposit slip. The Teller will place the cash in the cash drawer according to denominations. The teller will place sign and affix “cash receipt, rubber stamp” and return the customer’s copy to the customer.

For giving out the cash, the cheque bearer gives the cheque to the counter, the employees than cross check all vital points such as if the account the account holder as sufficient

balance in the account, the signature of the account holder and then calls him/her to be sure about the transaction.

ONLINE BANKING

DBBL Internet banking enables customer to access his / her personal or business accounts anytime anywhere from home, office or when travelling. Internet Banking gives customer the freedom to choose his/her own banking hours. It can save time, money and effort. It's fast, easy, secure and best of all. DBBL Data Centre is equipped with world's number 'one' networking equipment from CISCO, such as switch, router and PIX firewall. The internet user will only be able to access the Internet Banking if he is allowed by two firewalls- such as Check Point Firewall and CISCO Firewall. These firewalls will only allow the http and https traffic. DBBL's Internet Banking web server is certified by 128 bit data encryption SSL (Secure Socket Layer) server certificates issued by VeriSign. Inc., USA. So when a customer hits our web site, the web browser automatically checks that the certificate of the server and the public ID are valid. Then his request will be executed with high level encryption. Login ID of internet banking is mapped with the Customer ID, so there is no change to get other account with his Login ID. Transaction Limit has been set with each Login ID. So customer can do daily certain amount of transaction which has been specified in the account product. Customer's Login ID of the Internet Banking and his password will be printed in security PIN mailer and sent to the customer, so that he could only access his account with proper authentication.

CARD DIVISION

I worked 1 week in the Card Division. There are two types of card in this Bank. One is Debit card & other one is Credit card. As DBBL has more than 800 ATM booths all over the country, most of the customer open their account here just only for the card. But for using this cards there are some rules that are followed by this bank.

DEBIT CARD

DBBL is the market leader in Debit Cards. All DBBL debit cards give unlimited and free access to all DBBL ATMs and POS nationwide. There is no transaction or hidden costs associated with DBBL cards and accounts. By default, when opening a DBBL account, all clients will receive the DBBL Nexus EMV card. A debit card is more advanced than a credit card. DBBL Debit cards also have more features than credit cards and are fully recognized by Visa and MasterCard. DBBL Debit cards are also more secure, convenient and cheaper than any credit card or debit card in the market. Debit cards can withdraw money from your account directly while a credit card has to issue a 'loan'. DBBL debit cards (VISA Card & Master Card only) come with the client's photo printed on it and requires a secret PIN verification by the client. A credit card only requires a signature (which can be forged) and no PIN verification for a transaction. That is why, for day-to-day banking, DBBL recommends debit cards. Each card comes with a PIN number which must be protected at all times by the client. The PIN number is used as a password for withdrawing cash at DBBL ATMs and accessing DBBL banking services.

DEBIT CARD CHARGES

Image	Issuance Fee (1st year)	Annual Fee (2nd year onwards)
<p>DBBL Nexus EMV Card *First to provide in Bangladesh.</p> 	FREE	460 (with VAT and ATM Network Fee of 230tk)
<p>DBBL Nexus Visa Electron</p> 	575 (with VAT)	575 (with VAT and ATM Network Fee of 230tk)
<p>DBBL Nexus Master Card DEBIT</p> 	Local : 575 with VAT International : USD \$15	Local : 575 with VAT International : USD \$15
<p>DBBL Virtual Card</p> 	<p>Card Fee = NIL, Charge per deposit =Tk. 100 including VAT, Validity: 5 Years. Payment Criteria: Customer can pay fees which includes membership fee of foreign professional and scientific institution, fees for application, registration, admission, examination (TOEFL, SAT etc) in connection with admission into foreign educational institutions.</p> <p>Usability : Only through Internet</p> <p>Papers requirement :</p> <ul style="list-style-type: none"> • Any Photo ID (preferably National ID or Passport) • Proof of requirement of USD 	

CREDIT CARD

DBBL offers the most secure credit card in the market. A credit card offers greater flexibility for international travel in locations which do not accommodate DBBL Debit Cards. But a credit card is inherently less secure unless it is a Nexus-Pro credit card. The reason why DBBL entered the credit card market at such a late stage is because it did not want to compromise the customers' security until DBBL itself implemented Nexus-Pro technologies. All credit card DBBL issues are Nexus-Pro credit cards. Normal cards use a magnetic strip at the back of the card and also they are using a chip in the card. The information and security on that magnetic strip is stationary and does not change. On the other hand, Nexus-Pro's processor uses its processor to fully digitally lock all the information. It prevents the information from being copied as the processor 'generates' security codes rather than store it. It is a form of encryption. But Nexus-Pro goes even further. Visualize a series of locks and keys. Every lock has a corresponding key. Your account at DBBL has a digital lock, while your Nexus-Pro card is a digital key to access it. When a fraudulent card tries to access your account, DBBL knows that the correct digital key is not presented and denies access. Furthermore, DBBL replaces the account lock every second. But because a genuine Nexus-Pro card can generate the correct key using the processor, it can access open the account lock at that very moment. The next instance DBBL changes the account lock again, and your Nexus-Pro card has to generate the key again using its unique processor. The Nexus-Pro system also prevents one Nexus-Pro card from accessing another Nexus-Pro card. This is because all processors are unique. All Nexus-Pro cards generate keys differently and DBBL is aware of all the differences and knows which card is which so they can access only their authorized accounts. However this was just a brief overview your Nexus-Pro card works. The detailed workings are more secure and even more revolutionary.

CREDIT CARD CHARGES

Image	Card Type	Annual Fee
	<ol style="list-style-type: none"> 1. Visa Gold Local 2. Visa Gold Multi Currency 	<p>1500 +VAT</p> <p>2500+ VAT</p>
	<ol style="list-style-type: none"> 1. MasterCard Gold Local 2. MasterCard Gold Multi Currency 	<p>1500 +VAT</p> <p>2500+ VAT</p>

RECEIVING CHEQUE BOOK REQUISITION SLIP

In my daily activities, receiving requisition slip from the customer was one of them. As we know that there are two way of withdrawal of deposited money from the bank. First one is by 24 hours service that is ATM, Master Debit Card. Another one is by cheque. For huge amount of withdrawal of deposited money from the bank, customer prefers use cheque. Basically cheque requisition is for new cheque book. In the requisition slip account holder has to write account name, number. Also need authorized signature. If the cheque book is for any organization on that time seal of requisition slip is coming with the bearer, bearer signature is also needed on the slip. So I had to check all these things to receive requisition slip from the customer and then I had to order them in the system as per customer requirements. When the Bank opens any saving account, it sends a welcome letter in the address of account holder to verify the address and as the requisition letter for the cheque book. Customers need to sign that letter and give it to us in order to collect the cheque book. However, for salary accounts the bank does not issue any welcome letter, so for salary account holders, if they need cheque book, they come in to the bank and we give them a

requisition form for the cheque book. After they fill it up, we take a photocopy of their employee ID card and issue cheque book against their account. It takes 3 working days for the cheque books to be delivered in Dutch Bangla Bank.

RECEIVING THE CHEQUE BOOKS

As an intern one of my jobs was to receive the cheque book from the delivery man. For this, I had to put receive seal on the office copy of the delivery man in list of cheque book which is delivered. After receiving the cheque book I had to collect the requisition list and count them to check if they are properly delivered. Afterward, it was time for placing the cheque book in the shelf by the requisitioned date.

DELIVERY OF THE CHEQUE BOOKS

In order to get cheque book, every client must sign on the acknowledgement paper. After taking out the cheque book from shelf, I had to put two seals in the requisition slip. One, DBBL Gulshan Branch seal with my signed initial and another requisition seal for the customers for future use. Then I had to take a signature from the customer and verify it in the system and change the mode from “requested” to “delivered” and handed it to the General Bank In-charge for activating the cheque book papers. If any customer cannot come to the bank, he/she can authorize a person to collect the check book for him/her. However in that case, the authorization letter should be in an official letter pad of the customer and the authorized person’s signature must be attested by the account holder.

CHAPTER 5

CREDIT RISK GRADING

ASSESSMENT

INTRODUCTION

Credit risk grading is an important tool for credit risk management as it helps the Banks & financial institutions to understand various dimensions of risk involved in different credit transactions. The aggregation of such grading across the borrowers, activities and the lines of business can provide better assessment of the quality of credit portfolio of a bank or a branch. The credit risk grading system is vital to take decisions both at the pre-sanction stage as well as post-sanction stage.

At the pre-sanction stage, credit grading helps the sanctioning authority to decide whether to lend or not to lend, what should be the loan price, what should be the extent of exposure, what should be the appropriate credit facility, what are the various facilities, what are the various risk mitigation tools to put a cap on the risk level.

At the post-sanction stage, the bank can decide about the depth of the review or renewal, frequency of review, periodicity of the grading, and other precautions to be taken. Having considered the significance of credit risk grading, it becomes imperative for the banking system to carefully develop a credit risk grading model which meets the objective outlined above.

The Lending Risk Analysis (LRA) manual introduced in 1993 by the Bangladesh Bank has been in practice for mandatory use by the Banks & financial institutions for loan size of BDT 1.00 crore and above. However, the LRA manual suffers from a lot of subjectivity, sometimes creating confusion to the lending Bankers in terms of selection of credit proposals on the basis of risk exposure. Meanwhile, in 2003 end Bangladesh Bank provided guidelines for credit risk management of Banks wherein it recommended, internally, the introduction of Risk Grade Score Card for risk assessment of credit proposals.

Since the two credit risk models are presently in vogue, the Governing Board of Bangladesh Institute of Bank Management (BIBM) under the chairmanship of the Governor, Bangladesh Bank decided that an integrated Credit Risk Grading Model be developed incorporating the significant features of the above mentioned models with a view to render a need based simplified and user friendly model for application by the Banks and financial institutions in processing credit decisions and evaluating the magnitude of risk involved therein.

Bangladesh Bank expects all commercial banks to have a well-defined credit risk management system which delivers accurate and timely risk grading. This manual describes the elements of an effective internal process for grading credit risk. It also provides a comprehensive, but generic discussion of the objectives and general characteristics of effective credit risk grading system. In practice, a bank's credit risk grading system should reflect the complexity of its lending activities and the overall level of risk involved.

DEFINITION OF CREDIT

The word credit comes from the Latin word “Credo” meaning “I believe”. It is a lender's trust in a person's/ firm's/ or company's ability or potential ability and intention to repay. In other words, credit is the ability to command goods or services of another in return for promise to pay such goods or services at some specified time in the future. For a Bank, it is the main source of profit and on the other hand, the wrong use of credit would bring disaster not only for the bank but also for the economy as a whole.

The objective of the credit management is to maximize the performing asset and the minimization of the non-performing asset as well as ensuring the optimal point of loan and advance and their efficient management. Credit management is a dynamic field where a certain standard of long-range planning is needed to allocate the fund in diverse field and to minimize the risk and maximizing the return on the invested fund.

Continuous supervision, monitoring and follow-up are highly required for ensuring the timely repayment and minimizing the default. Actually the credit portfolio is not only constituted the bank's asset structure but also a vital factor of the bank's success. The overall success in credit management depends on the banks credit policy, portfolio of credit, monitoring, supervision and follow-up of the loan and advance.

Credit risk is the primary financial risk in the banking system. Identifying and assessing credit risk is essentially a first step in managing it effectively. In 1993, Bangladesh Bank as suggested by Financial Sector Reform Project (FSRP) first introduced and directed to use

Credit Risk Grading system in the Banking Sector of Bangladesh under the caption “Lending Risk Analysis (LRA)”. The Banking sector since then has changed a lot as credit culture has been shifting towards a more professional and standardized Credit Risk Management approach.

Credit Risk Grading system is a dynamic process and various models are followed in different countries & different organizations for measuring credit risk. The risk grading system changes in line with business complexities. As such the scenario, DBBL follows the guidelines of Bangladesh Bank while doing CRG on companies. Risk grading is a key measurement of a Bank’s asset quality, and as such, it is essential that grading is a robust process.

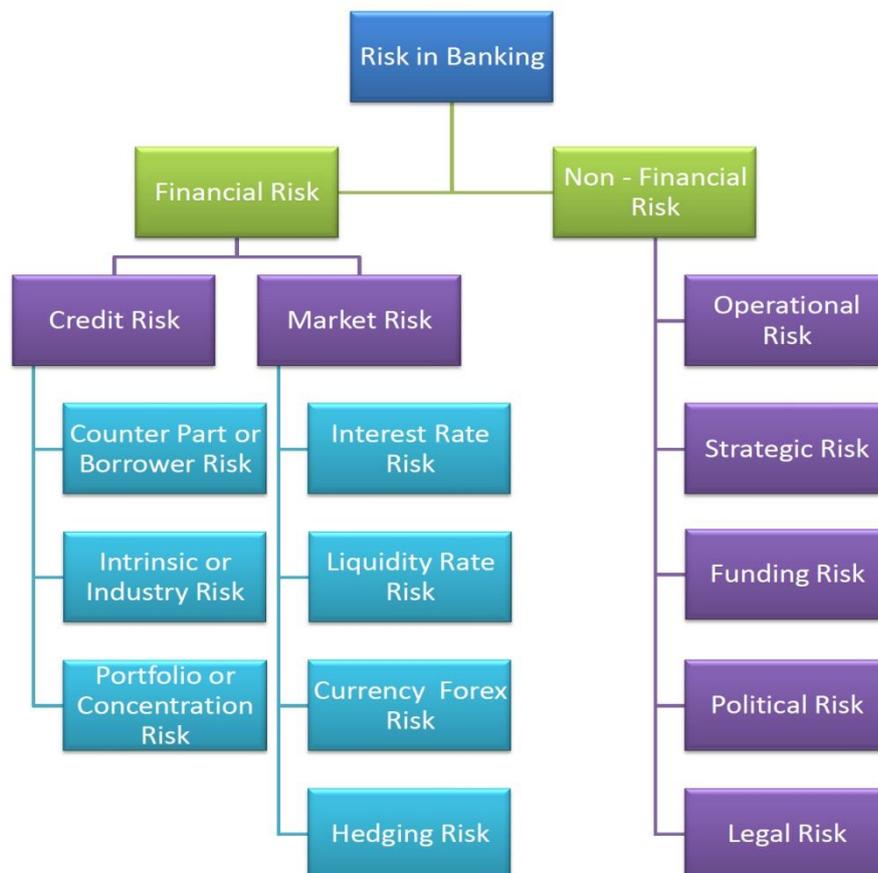
Factors Related with Credit

- Risk
- Time
- Interest rate
- Security or Collateral
- Operating Expense
- Legal Considerations
- Inflation
- Finance Charge

DEFINITION OF RISK

- Risk is the probability that the realized return would be different from the anticipated/expected return on investment.
- Risk is a measure of likelihood of a bad financial outcome.
- All other things being equal risk will be avoided.
- All other things are however not equal and that a reduction in risk is accompanied by a reduction in expected return.
- The uncertainties associated with risk elements impact the net cash flow of any business or investment. Under the impact of uncertainties, variations in net cash flow take place. This could be favorable or un-favorable. The un-favorable impact is ‘RISK’ of the business.

Types of Risks in Banking



CREDIT RISKS



DEFINITION OF CREDIT RISK GRADING (CRG)

- The Credit Risk Grading (CRG) is a collective definition based on the pre-specified scale and reflects the underlying credit-risk for a given exposure.
- A Credit Risk Grading deploys a number/ alphabet/ symbol as a primary summary indicator of risks associated with a credit exposure.
- Credit Risk Grading is the basic module for developing a Credit Risk Management system.

FUNCTIONS OF CREDIT RISK GRADING

Well-managed credit risk grading systems promote bank safety and soundness by facilitating informed decision-making. Grading systems measure credit risk and differentiate individual credits and groups of credits by the risk they pose. This allows bank management and examiners to monitor changes and trends in risk levels. The process also allows bank management to manage risk to optimize returns.

USE OF CREDIT RISK GRADING

The Credit Risk Grading matrix allows application of uniform standards of credits to ensure a common standardized approach to assess the quality of individual obligor, credit portfolio of a unit, line of business, the branch or the Bank as a whole.

As evident, the CRG outputs would be relevant for individual credit selection, wherein either a borrower or a particular exposure/facility is rated. The other decisions would be related to pricing (credit-spread) and specific features of the credit facility. These would largely constitute obligor level analysis.

Risk grading would also be relevant for surveillance and monitoring, internal MIS and assessing the aggregate risk profile of a Bank. It is also relevant for portfolio level analysis.

All Banks should adopt a credit risk grading system. The system should define the risk profile of borrower's to ensure that account management, structure and pricing are commensurate with the risk involved. Risk grading is a key measurement of a Bank's asset quality, and as such, it is essential that grading is a robust process. All facilities should be assigned a risk grade. Where deterioration in risk is noted, the Risk Grade assigned to a borrower and its facilities should be immediately changed. Borrower Risk Grades should be clearly stated on Credit Applications.

PRINCIPLE RISK COMPONENTS

Risks	Description
Business Risk	Risk that adverse industry situation or unfavorable business condition will impact borrowers' capacity to meet obligation. The evaluation of this category of risk looks at parameters such as business outlook, size of business, industry growth, market competition & barriers to entry/exit. To conclude, this capitalizes on the risk of failure due to low market share & poor industry growth.
Management Risk	The risk of a loss due to incompetent management.
Security Risk	Risk that the bank might be exposed due to poor quality or strength of the security in case of default. This may entail strength of security & collateral, location of collateral and support.
Suppliers' Risk	Suppliers' risk arises when suppliers fail to pay the materials in the industry as and when required.
Buyers' Risk	Buyers' risk arises when volume of sales falls.
Industry Risk	Risk that adverse industry situation or unfavorable business condition will impact borrower's capacity to meet obligation.

NUMBER AND SHORT NAME OF GRADES USED IN THE CRG

The proposed CRG scale consists of 8 categories with Short names and Numbers are provided as follows:

CREDIT RISK GRADING SCORE:

CRG:

Number	Grading	Short	Score
1	Superior	SUP	Fully cash secured, secured by government
2	Good	GD	85+
3	acceptable	ACCP	75-84
4	Marginal/ watchlist	MG/WL	65-74
5	Special mention	SM	55-64
6	Substandard	SS	45-54
7	doubtful	DF	35-44
8	Bad / loss	BL	<35

In DBBL, any company which obtains a score under 75 is not considered to be worthy of getting a loan. Which means only three category can apply and that is, Superior, Good and Acceptable.

For CRG, DBBL has to do a thorough research on the company. If the company is well established and has obtained a credit rating grade from any listed credit rating agencies DBBL uses that to certify the company. If not, then DBBL does its own CRG on the company.

The CRG is done on various aspects of the company, such as the company profile, the management board, the capital structure, previous loan records, forecasting of company, assets and liabilities, cash flow management, income statement, allied sister concerns, existing credit facilities, securities and collaterals, industry growth analysis, present performance of the company, balance sheet and the analysis of risks the company is facing/ will be facing.

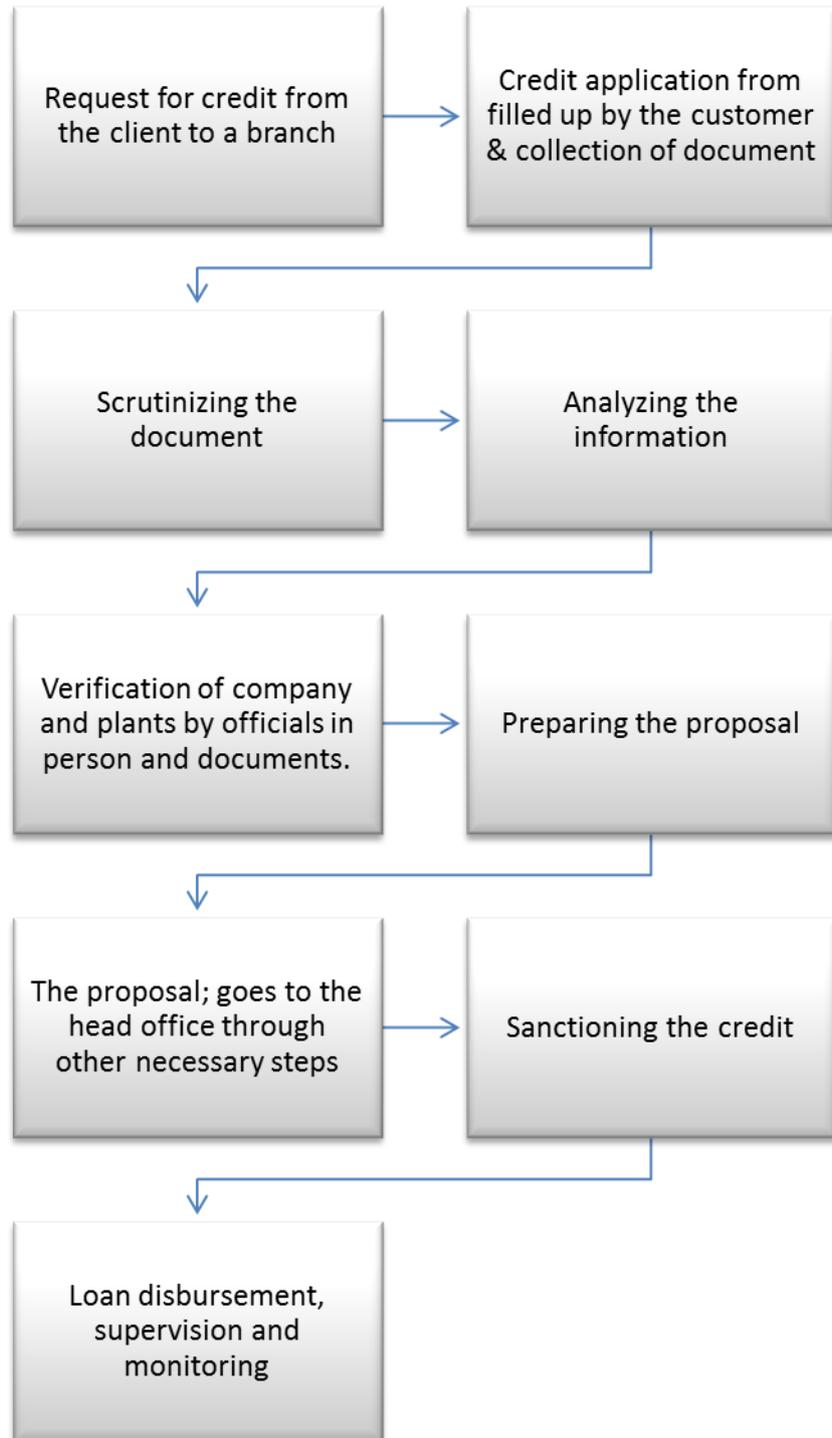
HOW TO COMPUTE CREDIT RISK GRADING

The following step-wise activities outline the detail process for arriving at credit risk grading.

- Step I : Identify all the Principal Risk Components
- Step II : Allocate weight ages to Principal Risk Components
- Step III : Establish the Key Parameters
- Step IV : Assign weight ages to each of the key parameters.
- Step V : Input data to arrive at the score on the key parameters.
- Step VI : Arrive at the Credit Risk Grading based on total score obtained.



Diagram of the whole loan appraisal and approval process is



CHAPTER 6

RECOMMENDATION

&

CONCLUSION

RECOMMENDATION FOR IMPROVEMENT

Dutch-Bangla Bank Ltd. is the leading nationalized commercial bank in Bangladesh; it must remove its limitations in banking service. In my study I have recognized a few weaknesses of this bank and its service. In term of banking services and others, DBBL can adopt some of the following recommendation:

- **Training:** More training should be offered to bank officials in order to handle any critical situations and unique problems and deal with each customer in a personalized manner.
- **Time Limitation:** The process of account opening is quite time consuming and lengthy. There should be another counter for walk-in customers who want to open saving accounts so that it does not hamper the service delivery of other general service seeking customers.
- **Introduction Of Priority/Premium Service For Big Shot Customers:** In Dutch Bangla Bank Ltd. Gulshan branch alone it has about 80,000 accounts consisting mostly of salary accounts along with a large number of savings accounts. It is high time since DBBL should introduce priority customer service for its big shot customers. Even if not in all of its branches but some particular branches such as Gulshan, Uttara, Dhanmondi and Motijheel Local branch should have this service offered to their valuable customers.
- **Increase Manpower:** In the Gulshan branch of DBBL, it does not have enough manpower as it is required. There are huge numbers of customer in this branch. So the ratio of customer and employee is much inefficient. So it should be improved.
- **Regular Survey:** To improve customer service quality, regular survey on customer should be required. Because through survey, a customer's proper need and by which service he/she would be satisfied, can be understood properly.

- Improve the quality of booth: Even though DBBL is quite famous for their numbers of ATM booth but most of the machine does not work properly. So they should be concerned about this side.
- Improve the quality of the Debit card: the quality of the ATM card is quite weak. Huge numbers of complain against ATM card are gathered every day. It doesn't last for a long time. So card division of the bank should concentrate more on the quality of the card rather than quantity.
- Investment Policy: The Bank has to construct a long term strong investment policy.
- SME Loans: The SME loans should be offered with more flexibility and in a less time consuming method. They should reach to new customers with SME Loans.

CONCLUDING SUMMARY

This report is the part of my BBA course, which I have tried to prepare with some gratitude and manner to equip with managerial skills and depth of knowledge in business management to enable me to work with competence in the competitive business environment. This internship course is a practical experience of a student and is a preparatory step towards a career in life. The main goal of this internship course is to provide an on the job exposure to the student and to know the opportunity of organizational attachment. This internship course was my first job exposure and provided me with learning experience and knowledge in several areas. While working in different departments of this branch I have found each and most of the employees friendly to me. Overall I have experienced a very friendly and supporting environment at Dutch Bangla Bank Limited Gulshan Branch, which gave me the pleasure and satisfaction to be a part of them for a while.

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