



INTERNSHIP REPORT



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INTERNSHIP REPORT
ON
GENERAL BANKING OF
BASIC BANK LTD

Prepared for:

Mahmudul Haq

Associate Professor &

MBA Coordinator

BRAC Business School

BRAC University



Prepared by:

MD. Farhad-Uz-Zaman

ID- 12264039

MBA Program

BRAC University

Date of submission : 20 August 2015



Letter of transmittal

Thursday, August 20, 2015

Mahmudul Haq

Associate Professor &
MBA Coordinator
BRAC Business School
BRAC University

Subject: Solicitation for acceptance of the internship report.

Dear Sir,

I am very much pleased to submit the internship report on “General Banking of Basic Bank Limited” Main Branch which is essential requirement for the completion of MBA program. This report is a result of the internship program that I have conduct during specified time. All the works presented here is done with utmost sincerely and honestly. I have tried my best to make this report holistic and informative enough.

So, I request you to accept the report and give me a proper suggestion to work in the battlefield life. For your kind consideration, I would like to say that it has been a great pleasure for me to work on this assigned topic. While preparing this report I have come across many hurdles and pleasant experiences. But valuable experiences I have gained during the period will undoubtedly benefit me in the years ahead. However, this report attempts to describe the observations, learning and experiences that I have gained during my internship .This report also led me to go through direct conversation with some high officials of BASIC Bank Limited, that is really enjoyable.

Any shortcoming may arise, as I am very novice in this aspect. I am always available for any further quarries regarding this report. If I did any mistake I am looking forward to your important advice.

Sincerely Yours,

.....

Md. Farhad-Uz-Zaman

ID# 12264039
MBA Program



Acknowledgement

At first, I am highly grateful to Al-Mighty Allah, the Sustainer of the Universe, who has provided me with all kinds of opportunities to complete the internship program within a short period successfully.

I would like to thank from the core of my heart to my supervisor my honorable teacher **Mahmudul Haq**, Assistant Professor who helped me to make the final report. He gave me the guidelines to make the complete and qualified report. So this report could be a dream without his assistance. He also assured me to help in any kind of difficulties.

I am ever grateful to General Manager **Mozammel Haque (General Manager)** of BASIC Bank Limited for kindly accepting me for practical orientation program in his bank for which I get this opportunity to learn about General Banking & its related problems.

I am very grateful to the employees of BASIC Bank Limited, Agrabad Branch for their sincere cooperation, careful supervision and unparalleled encourage.

I would like to thank employees who always give me necessary information.

Finally, I express my overall gratitude to my department which provides me the chance to be familiar with the real organizational environment and practically experiencing the procedure practiced at BASIC BANK Ltd. Main Branch in General Banking Section.

Last of all, I say that this report is also subject to error or mistakes that are inherent in every human endeavor. I therefore request every reader of this paper to forgive me for any kind of mistakes.



Executive summery

Financial institutions of a country play an important role in building the financial backbone of the country's economy. BASIC BANK Ltd is one of the leading specialized Banks in Bangladesh. BASIC BANK Ltd maintain the highest ethical standards and community responsibility worthy of leading corporate citizen and now searching for continuous improvement in productivity, operational efficiency and thereby enhancing local customer value. Though BASIC Bank Limited is a government owned bank, it is free from most of the problems which other government banks are occupied with. In most of the government bank we have seen that, the head office is not contributing more for the supervision of the branch activities. But in BASIC a handful number of top officers have been engaged to monitor day to day operation, which are reducing the number of errors.

I have tried to incorporate every kinds of relevant information in my report focusing mainly on general banking of BASIC BANK Ltd. Main branch. During my staying in this Bank, I experience a lot of things from my assigned desks work. I observe that, banker – customer relation is a major consideration for the bankers. Computerization of all branches of BASIC BANK Ltd is a very bold, positive and progressive step towards modern technology and in the race of survival

My Internship report is divided into five parts i.e. Introduction Part, Organization part, Literature Review of General Banking, Activities of General Banking, and problem identification and suggested Recommendation and Conclusion. The Introduction part contains; origin of the report, objective of the report and limitation of the report whereas the organization part deals with the overview of the bank, Part 3 are about General Banking. We know that General banking section is the heart of banking activities because funds are mobilized; cash transactions are made; clearing, remittance and accounting activities are done here. Since bank is confined to provide the services every day, general banking is also known as 'retail banking'. I have tried to show in this part how daily activities are executed and things are getting done.

Working with general banking division I have seen that nearly every bank follows traditional system in case of handling day to day activities. I also have identified the Strength, Weakness, Opportunities and Threats regarding general banking section which turned into problem identification regarding that particular section putted some recommendation relating to that problem in my recommendation section. Being the fast and computerized system general banking activities would be one of the major sources of fund mobilization. But it definitely depends on the employees relating with their efficiency those are engaged with providing regular services to the client on a regular basis.



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PART-ONE

INTRODUCTION

BASIC Bank Limited

Serving people for progress



[1.1] Background of the Study:

BASIC Bank Limited is the state owned schedule Bank. Last year Bangladesh Bank arranges a project to review the list of best performing Bank. BASIC Bank placed in that list.

Banking is one of the most important sectors for a countries wealth building activities. At present the modern business, industrialization foreign trade almost is dependent on banks. But now a day the banking sector of Bangladesh is suffering the default culture, which is the consequence or result of bad performance of most of the banks of Bangladesh.

U.N. declare –

"INTERNATIONAL YEAR OF MICRO CREDIT 2005
BANGLADESH: PIONEER OF MICRO CREDIT"

BASIC Bank Limited playing an important role toward the growth and economic development of Bangladesh.

Last year Bangladesh Bank undertook a project to review the global best practices in the banking sector and examines in the possibility of introducing these in the banking industry of Bangladesh. Four 'Focus Groups' were formed with participation from Nationalized Commercial Banks, Private Commercial Banks & Foreign Banks with representatives from the Bangladesh Bank as team coordinators to look into the practices of the best performing banks both at home and abroad.

The five core risk areas are as follows: -

1. **Credit Risks;**
2. **Asset and Liability/Balance Sheet Risks;**
3. **Foreign Exchange Risks;**
4. **Internal Control and Compliance Risks; and**
5. **Money Laundering Risks.**



[1.2] Objectives of the Study:

The main objectives of education are to acquire knowledge. To acquire knowledge ultimately we must do some practical application in addition to theoretical knowledge. Through this report, I tried my level best to present my practical knowledge as find out some objectives.

The main objectives of the Report: -

- ➔ Company Background.
- ➔ Company's major functions.
- ➔ Financial Highlights.
- ➔ Types of Account.
- ➔ Paper/Documents required for opening & closing of various types of Accounts.
- ➔ Special cases in Account opening.
- ➔ Cash receive and payment.
- ➔ Procedures of T.T, D.D, P/O, I.B.C.A & O.B.C.
- ➔ Clearing House – Inward & Outward Clearing.

[1.3] SCOPE OF THE STUDY:

BASIC Bank Limited is the prominent bank in whole banking sector. BASIC Bank Limited, commercial bank is under general special guidelines of the central bank framed for the banking system as a whole and for bank of individual sector.

BASIC Bank Limited is not so old bank but now giving emphasis to create a constructive and meaningful competition with other private sector banks. Also called new generation bank. BASIC Bank owners are dividing by shares but this share is not come into the open share market because Government of Bangladesh is the owner of total shares. It is the one of highly profitable bank.

[1.4] Methodology of the Study:

The following methodology will be followed for the study: -

- ⌘ **Primary Sources, and**
- ⌘ **Secondary Sources.**

Both **primary** and **secondary** data sources will be used to generate this report.

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.
- Discussion with the other Bankers.

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-

Annual report of BASIC Bank Limited, Desk report of the related department, other manual information, Different reference books of the library, some of my course elements as related to this report.

To identify the implementation, supervision, monitoring and repayment practice- interview with the employee and extensive study of the existing file was and practical case observation was done.

[1.5] Limitations of the Study:

- 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. After working whole day in the office it way very much difficult, it is not impossible to study again the theoretical aspects of banking. 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.
- I observed that one or two unskilled and unfair persons are present in BASIC Bank; they are not able to teach us various aspects.

[1.6] TIME PERIOD OF THE STUDY:

BASIC Bank Limited

(Agrabad Branch)

General Banking Division : Twelve weeks



PART-TWO

COMPANY PROFILE

BASIC Bank Limited

Serving people for progress



[2.1] **HISTORICAL Background:**

The **BASIC Bank Limited** (Bangladesh Small Industries and Commerce Bank Limited) 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.

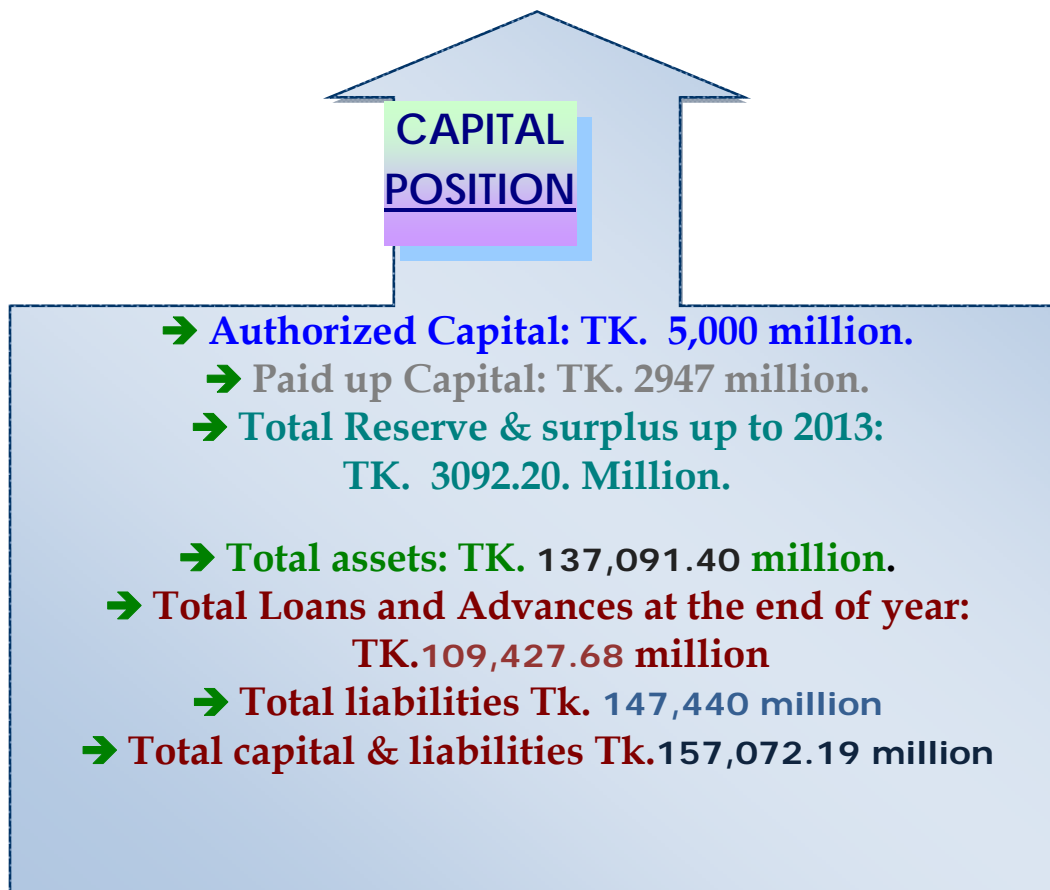
Coping with the competitive and rapidly changing financial market of the country, BASIC Bank Limited maintains close connection with its clients, the regulatory, the shareholders (Government of Bangladesh), other banks and financial institutions.

A BIRD'S EYE VIEW:

In year 2010 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. But in 2014 a scandal came out against BASIC bank around Tk. 4500 crores loan scam. The Chairman acted with dishonesty. He approved the loan to loan seekers ignoring the alert of bank officials & cautions against such loans by the central bank.



[TABLE-1]: Capital Position.



[2.2] FUNCTIONS:

BASIC BANK LIMITED 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.



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.

[2.3] 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.



[2.4] **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 secretary of the Ministry of Industries is the Chairman of the Bank. Other Directors of the Bank are high Government and central Bank executives.

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

NAME OF BOARD OF DIRECTORS:



Mr. Alauddin A. Majid
Chairman
BASIC Bank Limited



Begum Parag
Director
BASIC Bank Limited &
Additional Secretary
Ministry of Industries
Shilpa Bhaban
Motijheel C.A., Dhaka



Mr. Hasan Mahmood, FCA
Director
BASIC Bank Limited &
Partner, M. J. Abedin & Co.
Chartered Accountants
National Plaza (3rd floor)
109, Bir Uttam C. R. Datta Road, Dhaka-1205



Begum Raihana Aneesa Yusuf Ali
Director
BASIC Bank Limited &
Former Managing Director
Bangladesh House Building Finance Corporation



Mr. Md. Mamun-Al-Rashid
Director
BASIC Bank Limited &
Joint Secretary
Bank and Financial Institutions Division
Ministry of Finance
Bangladesh Secretariat, Dhaka



Mr. Khondoker Md. Iqbal
Managing Director
BASIC Bank

 **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.

MANAGEMENT:

The Managing Director heads the management. The two General Managers and Departmental Heads in the Head office assist him. BASIC bank 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.

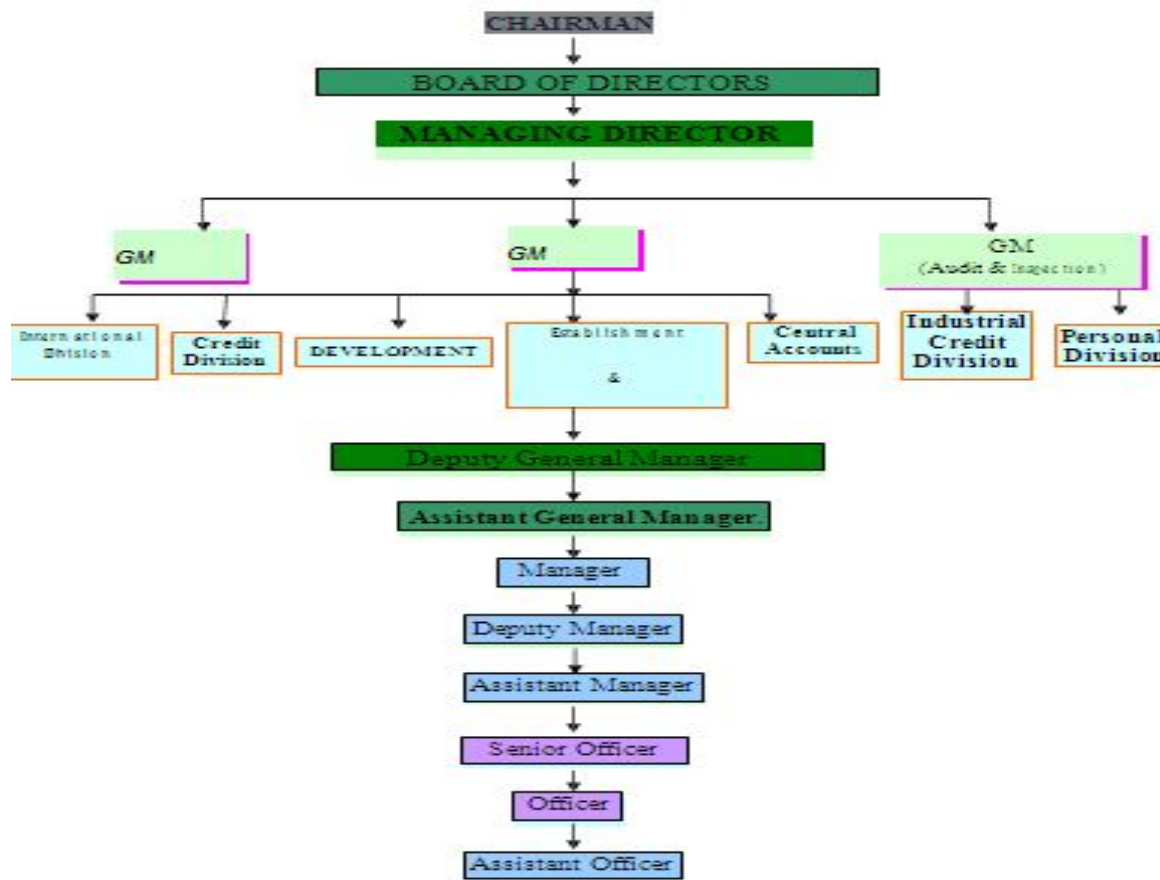


[2.5] Organizational Goals:

BASIC BANK'S 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 BASIC 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.

[2.6] ORGANOGRAM OF BASIC BANK:





[2.7] RESOURCE AND 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.

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 sixty eight conveniently located branches in all over Bangladesh.

MAJOR FEATURES AND BENEFITS OF THESE BRANCHES:

- * Global banking has changed rapidly and BASIC as worked hard to adapt to these changes.
- * The bank's 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 is in progress to facilitate Any Branch Banking and ATM Services.
- * Money counting & Money checking machine making cash transactions easy, security and prompt.
- * The bank look forward with excitement and a commitment to bring greater benefits to customers.
- * Eighteen out of twenty seven 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.

[2.8] 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 2012 the total number of employees is 1657.

TRAINING:

Intensive training program, on a regular basis, is being imparted to employees of all levels to meet the challenges in the banking industry and to help employees to adapt the changes and new working conditions. Bank believes that human resource is the main driving force and quality human resources are the key sources for the success in today's banking business. Keeping this view in mind and recognizing the importance of training for professional excellence, BASIC Bank established its own training cell in 2005 with modern facilities. In 2011 the cell arranged 29 training courses and provided training to as many as 608 employees of the bank. Bank also sends its employees to BIBM and other local and foreign institutions with a view to enhancing and sharpening their knowledge base. During the year 2011 a total of 114 employees of the Bank were also provided with training in various fields in BIBM and other institutions. BASIC Bank established its own training institute in 2012 with all modern facilities. In 2012, they arranged 20 training courses and provided training to as many as 498 employees of the bank. The Bank also sends its employees to BIBM and other local and foreign institutions with a view to enhancing and sharpening their knowledge base. During the year 2012, a total of 191 employees of the Bank were provided with training in various fields at BIBM, BBTA and other training institutions. Moreover, 5 officials were provided with overseas training programs in 3 different programs.

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 four batches of entry-level management staff, all of who has excellent academic background.

[2.9] Monetary /Financial Resources:

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

Mobilization of Fund:

The main sources of fund for BASIC are: -

- a) Deposit.
- b) Borrowing



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 six months 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.

Scheme Deposit-

In this system depositor can deposit money by different rates at different times.

Suppose, for 3 months @8% and for 6 months 8.25%.

DEPOSIT REQUIREMENTS:

In order to stop money laundering **Bangladesh Bank** issued new agenda for depositors that is strictly followed by **BASIC Bank**:



Current Account-

- * Individual depositors name
- * Passport size photograph
- * Income statements
- * Nationality
- * Nominee
- * Referee
- * Name of the organization
- * Tax identification number, and
- * Source of income



Savings account-

- * Depositors name
- * Passport sized picture
- * Income statements
- * Nationality
- * Nominee
- * Referee
- * Name of the organization
- * Tax identification number, and
- * Source of income



Limited companies Account-

- * Limited companies rules
- * Constitutional documents
- * Specimen of authorized person's signature
- * Limited company accounts memorandum
- * Articles of association
- * Power of attorney
- * Board of director's resolution
- * Certificate of incorporation
- * Certificate of commencement, and
- * List of directors.



Club Society Account-

- * Clubs or society's board resolution
- * Membership no
- * Name of board members, and
- * Constitutional rules.



BORROWING:

Apart from deposit BASIC receives funds from-

- ➔ Bangladesh Bank.
- ➔ Asian Development Bank.

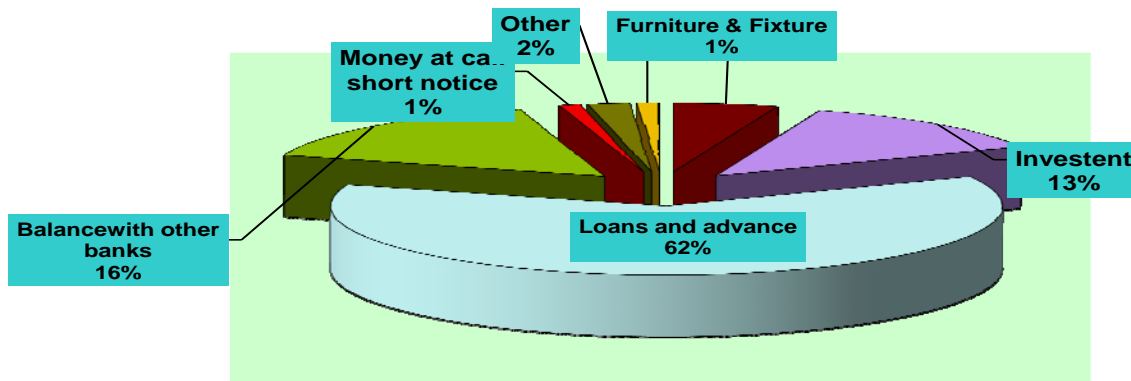


- Authorized agencies.
- KFW (Kreditanstalt für Wiederaufbau, credit institution for reconstruction), a German Bank.

Utilization of Fund:

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:





My Internship Experience

I did my three month internship program in BASIC Bank, Agrabad branch. During my internship program, I gained lots of experience about corporate environment. My internship experience are given below:

-The report has been prepared on the basis of experience gathered during the period of internship. Within this time of period, I mainly worked with departments namely General Banking. Bank does not follow any guideline or fixed any responsibilities for internship student. Mainly I have done many pending works of the account opening section and account and clearing department. Besides that I have done different types of tasks in different desks whenever they assigned me to do.

Account Opening Department

I worked at BASIC Bank, Agrabad branch where firstly I have started with the account opening department. Here, I have learnt the procedure of opening an account and the documents that are needed for opening an accounts & types of accounts dealt by BASIC Bank. Bank employees tried to give me a brief description before deploying me to any specific task. Later on through my personal observation and superior officer's guidance, ultimately allow me to understand the purpose of various types of accounts along with their features which includes, current account (C/A), saving accounts (SB), STD, FDR etc. He also assist me, how to deal with clients versatile questions regarding different accounts opening, what amount of interest rate they will get from these different categories of accounts, where to locate desired cheque books from the bundle according to customer requirements and many more.

The following activities which had done by me

- Giving the customers the information what type of documents will be required to open an account. I used to tell them they need two copies of their photograph and two copies photograph of the nominee and the photocopy of the client's and nominees national ID card.
- Upgraded of MIS by collecting TIN number due to change of monetary policy FY2014 2015 for collection of imposition 15% tax from NonTIN holder. While previously it was 10% for all whether client was TIN holder or not.
- Correction of uncompleted forms like there were some forms which were filled up without putting account number, title name, nature of organization etc. Some form kept without proper address, TIN, National ID card number and so on. My job was to complete those forms putting information from attached required certificates or copies.



- Making phone calls for collecting necessary photograph, photocopy of trade license, National ID card or any other inquiries.
- Distribution of desired cheque book by asking their name, account number and then verifying them, receiving them from the courier moreover sometimes making phone calls to those clients who did not collect their cheque book after passing 2 or 3 month.

- Finding the DPS and old account opening forms which have closed

✚ **In Accounts & clearing Department**, I Have done the works in below;

- Printed out the transaction listing of previous day for checking Debit and credit voucher.

- Voucher sorting, counting and filing by cheque the number of accounts has been debited or credited, check the account holder signature, account number so on.
- Debit and credit voucher separation.
- Registered the entire vouchers in register book after checking the voucher with the trail list of branch in details. Here the amount of debit and credit voucher will be same but the number can differ.

After cheque requisition, a list of cheque book holders name with a/c no are given to write down in cheque book register.

- Stamping various kinds of documents with authorization and endorsement seal.

✚ **Cash Department**: for 1 week I worked in cash department.

- Here I verified the cheque and also varied the signature.
- I also count the voucher.

✚ I did separate Accounts Pay Cheque of different banks and then I gave those Cheques to the employee who assigned me the task.



PART-THREE

GENERAL BANKING

OPERATION OF

CASH & ACCOUNT OPEN

BASIC Bank Limited

Serving people for progress

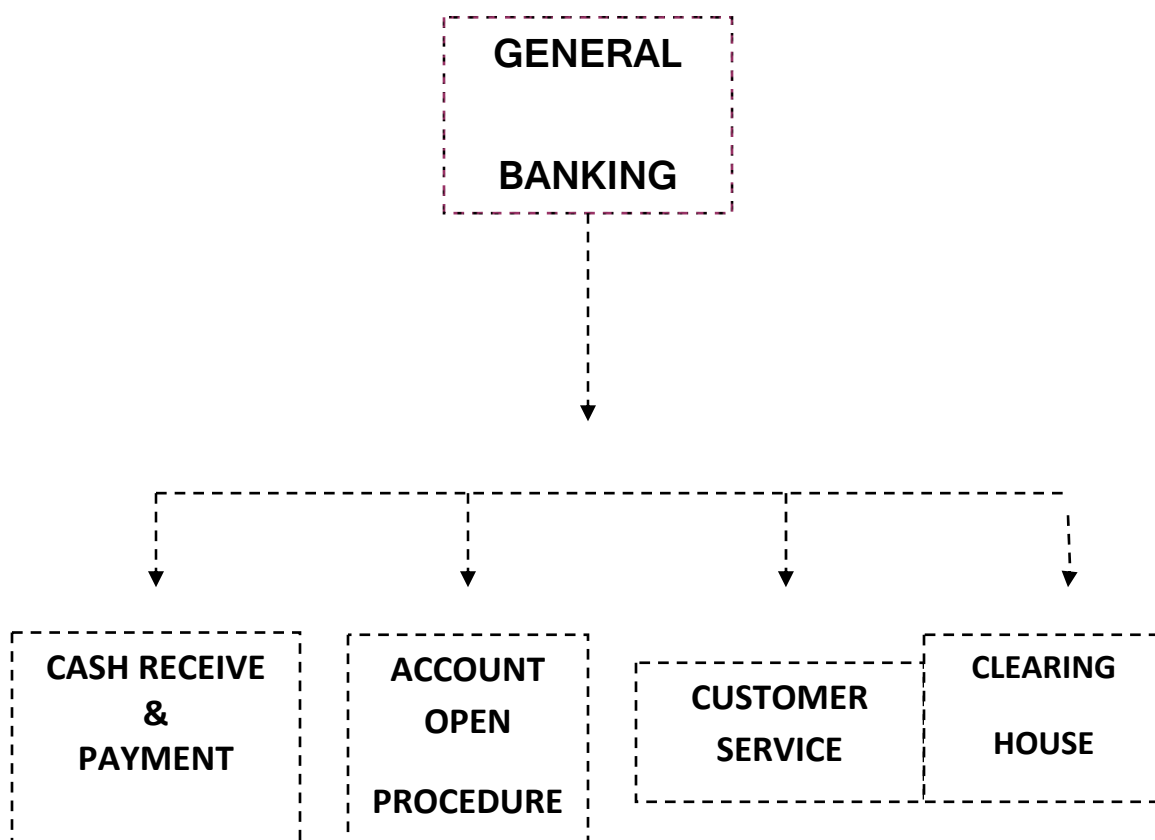


[3.1] GENERAL BANKING:

General Banking is the most important and common part of any bank. Cause majority transaction is held in this section. This section has four (4) parts as follows:

The structure of General Banking as follows:

[T-5]



[3.2] CASH:

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 case account.



Cash Section:

The function of this unit is to receive and payment of cash. The vault limit cash limit of the branch is TK.2 crores approximately or even more. The head teller is allowed to encash chequeto the clients up to TK.100000 with her own signature. If additional cash is required then the second man of the branch makes arrangement on request. There are one chief officer, one senior officer, and two Banking officers in this department.

Operation of this section begins at the banking hour. Cash officer begins her/his transaction with taking money from the vault, known as the opening cash balance. Vault is kept in a very secured room. Keys to the room are kept under control of cash officer and branch in charge. The amount of opening cash balance is entered into registered. After whole days' transaction, the surplus money remains in the cash counter is put back in the vault and known as the closing balance. Money is received and paid in this section.

CASH RECEIPT:

- ➔ At first the depositor fill up the Deposit in the Slip. For saving account and current account different colour Deposit Slip is used in this Branch.
- ➔ After filling the required deposit inslip, 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.
- ➔ All deposit slip of saving; Current and STD A/C are maintained in accounts section.

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 cheque and give it to the officer in charge there. The officer checks whether there are two signatures on the back of the cheque and checks his balance in the computer. After that the officer will give it to the cash in charge.
- ➔ Then the cash in charge verifies the signature from the signature card and permits the officer in computer to debit the client's account by giving posting. A posted seal with teller number is given.



- If the signature matches with the one given previously then the teller will make payment keeping the paying cheque with him while writing the denomination on the back of the cheque.

- Cash paid seal is given on the cheque 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 cheque and make it sure that it is not post dated or undated.
- The amount in words and figures are same.

 **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.

 **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.

 **TELLER CUSTOMER RELATIONSHIP:**

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] Types of Account:

Keeping an eye on the needs of the customers and to ensure their full satisfaction BASIC Bank has a full range of deposit products.

There are mainly five types of Accounts are as follows: -

1. Savings Deposit (SB)
2. Current Deposit (CD)
3. Short Notice Term Deposit (STD)
4. Fixed Term Deposit (FTD)



1. SAVINGS BANK DEPOSIT ACCOUNTS (S.B):

- Savings Bank Deposit account may be opened in the name of adult individual or jointly in the names of two or more persons payable either or both or all them or to the survivor with total satisfaction of Bank.
- These are interest bearing deposit accounts. (Present interest rate is approximately 7.00% in BASIC Bank Ltd. It fluctuates depending on amount.)
- Savings Bank Account shall not be allowed to be overdrawn.
- Saving Bank Account must not be allowed to be conducted as Current Account.
- The drawings are restricted in respect of both the amount of withdrawal and the frequency thereof so that the payment of interest does not become non-compensating for the banker.
- No interest will be paid in a Savings Bank Account for the month in which withdrawals have been made more than twice a week or over 25% of the balance of his/her accounts without notice. For withdrawal of sum exceeding 25% of the balance, 7 days notice in writing should be given to the bank.
- Interest shall be calculated on the minimum balance at the credit of an account between the close of the 5th day and the last day of the month.
- Interest will be applied half yearly on 30th June & 31st December at the prescribed rates as advised by Head Office



- These accounts intended for individual savings and are not suitable for business concerns that require frequent withdrawals.
- Bank may however refuse without assigning any reasons to open savings account by anybody.
- The Bank reserves the right to close any Savings Bank Deposit account with prior notice.

2. CURRENT DEPOSIT ACCOUNT (C.D):

- A Current Deposit Account may be opened in the name of person(s) having contractual capacities. Any individuals, firm, company, club, association, and corporate body may open a Current Account.
- Drawings are allowed on demand from such an account without any restriction within the funds available in its credits.
- No interest is payable on the balance of current accounts.
- Bank may however refuse without assigning any reasons to open current account by anybody.
- The Bank reserves the right to close any current account with prior notice.

3. SHORT TERM DEPOSIT ACCOUNTS (STD):

- Short Term Deposit Account (STD) are opened usually by Corporations, Banks and Financial Institutes etc.
- These deposits are withdrawn able on 7 days' notice by the account holder(s). Withdrawal is allowed after the expiry of notice period.
- Interest on such deposits are payable at the rate determined by Head Office from time to time. (Present interest rate on STD A/C is 5.50% in BASIC Bank Ltd.)
- Interest shall be calculated on daily product basis and applied half yearly at end of June and December or when an account is closed.

4. Fixed TERM Deposits (FTD):

- Fixed Deposits may be opened by one adult individual singly or by more than one adult individual jointly or by any Government/Private /Autonomous or other organization.
- These deposits shall be opened for a fixed period ranging from three months to two years.
- Interest on FDR shall be payable only after maturity of the FDR along with the principal.
- Following rate of interest on FDR is prevailing in **BASIC Bank Limited**.



→ Following rate of interest on FDR is prevailing in BASIC Bank Limited.

[T-6]

**Rate of Interest on
F.D.R.**

<u>Period</u>	<u>Interest Rate</u>
01 month	7.30%
3 Months and above	7.50%
6 Months and above	7.70%
12 Months and above	8.00%
24 Months and above	7.75%

- Payment of FDR will be made on demand after expiry of the maturity period on presentation of FDR duly discharged by the depositor(s).
- For encashment of FDRs before maturity, if FDR is encashed before expiry of 3 months no interest would be given. Interest for 3,6 or 12 months, as the case may be given if encashed after expiry of such period but before maturity.
- Each time when FDR is opened, it shall be considered as a separate contract.
- Fixed Deposits are neither transferable nor negotiable.



[3.4] Papers /Documents required for opening of

INDIVIDUAL/JOINT, PROPRIETORSHIP, & PARTNERSHIP Accounts:

INDIVIDUAL /JOINT:

- Two copies of passport size photograph of the Account holder(s) or Person(s) who will operate the Account duly attested by acceptable introducer,
- Passport or National ID card photocopy
- Introductory Certificate from Employer,
- Introductory Certificate from renowned person of the society acceptable to Bank/Financial Institutions, and
- TIN Number (If applicable).

⇒ CAUTIONS:

- In Account opening form Name, Present & Permanent address, Date of birth, Age of account holder, Father's Name, Mother's Name, Husband's Name in case of married lady must be filled up properly in Account opening form.
- The Introducer of the proposed new account must be maintained an account with the branch for at least one year and the account must have good transactions over the last year.
- The details of the identity, address and business of the new account holder must be verified and the branch In Charge should be satisfied about the person/firm/company's credibility.
- A letter of thanks shall be sent to the introducer and to the account holder on Bank's Standard Form.

PROPRIETORSHIP FIRM:

- Two copies of passport size photograph of the Account holder(s) or person(s) who will operate the Account duly attested by the introducer.
- Certified copy of valid Trade License from the Municipality/ City Corporation/Union Parishad.
- Passport/National ID card/Introductory Certificate from Employer /Introductory Certificate from renowned person of the society acceptable to Bank/Financial Institutions.
- TIN Number (If applicable).

Partnership Firm:

- Two copies of passport size photograph of the Account holder(s) or person(s) who will operate the Account duly attested by the introducer.
- Certified copy of valid Trade License from the Municipality/ City Corporation/Union Parishad.



- Certified copy of the Registration Certificate of Partnership Deed duly attested by Notary Public in case of registered firm.
- Partnership Account Agreement.
- Resolution signed by all partners to open the A/C.
- Passport/National Id card/ Introductory Certificate from Employer /Introductory Certificate from renowned person of the society acceptable to Bank/Financial Institutions.
- TIN Number (If applicable).

[3.5] Papers /Documents required for opening of

LIMITED COMPANIES Accounts:



LIMITED COMPANY:

- Two copies of passport size photograph of the Account holder(s) / person(s) who will operate the Account duly attested by the introducer.
- Certified copy of Memorandum & Articles of Association by RJSC.
- Certified copy of Certificate of Incorporation by RJSC.
- Certified copy of Certificate of Commencement of Business (in case of Public Limited Company).
- Up to date list of Directors.
- Certified copy of Resolution of the Board of Directors for opening & operation of the Account.
- Passport/National ID/Introductory Certificate from Employer /Introductory Certificate from renowned person of the society acceptable to Bank/Financial Institutions.
- TIN Number (If applicable).

CAUTIONS: Same as Joint/Individual Account.



TRUST:

- Two copies of passport size photograph of the Account holder(s) / person(s) who will operate the Account duly attested by the introducer.
- Up to date list of Members of the Trustee Board.
- Certified copy of Deed of Trust certified by the Chairman/Secretary of Trustee Board.
- Certified copy of Resolution of the Trustee Board for opening & operation of the Account.

⇒ **CAUTIONS:** Same as Joint/Individual Account.



[3.6] Papers /Documents required for opening of

EXECUTORSHIPS ACCOUNTS:



EXECUTOR:

An executor is a person appointed by a testator for execution of the last will leave by him. Upon production of probate of the will the executor should be allowed to close the deceased's account and deal with the credit balance as per terms and conditions of the will, affecting the account.

In case of credit balance of the deceased's account, it is preferable for the banker that the executor opens the required account as an executorships account instead of an account in the personal name of the executor.

If there is more than one executor the account should desirably be opened under the joint signatures of all the executors through they have powers individually and a definite arrangement made whether operations on the account will be done by one executor singly or jointly by all, by two or more of them.

Where there is a debit balance in the account arrangement should be made with the executor for adjustment there of as soon as the executor is able to realize sufficient of the deceased 's assets.

The banker should not allow any transfer of the deceased's assets. The banker should not allow any transfer of the deceased's funds to the personal account of the executor nor should he allow the executor to raise any personal loan against security of the deceased's property. Otherwise, he will be held liable for the misuse.

The executor is the legal representative of the testator for all purposes and all property of the deceased vest in him. The executor has power to sue and recover debts as the deceased had when living as well as to dispose of property and incur expenses as he may think fit and necessary for administration of the estate subject to restrictions, if any, as laid down in the will and the probate.

On the death of the executor his duties devolve on his executor and where there is more than one executor the deceased's power vests in his survivor co-executor unless otherwise provided for in the will. An executor cannot normally delegate his power except to one of them where there is more than one.



Required Paper for an executorships account: -

- Two copies of passport size photograph of the executor / person(s) who will operate the Account duly attested by appointed by the testator for execution of the last will leave by him.
- Will deed executed by a testator for execution of the last will leave by him in the front of 02 male or 01 male & 02 female to operate the account.
- Will probate accepted by Court.
- Power of Attorney executed by a testator for execution of the last will leave by him favoring the executor in the front of 02 male or 01 male & 02 female to operate the account.
- Passport/NID/ Introductory Certificate from Employer /Introductory Certificate from renowned person of the society acceptable to Bank/Financial Institutions.
- TIN Number (If applicable).

⇒ **CAUTIONS:**

- Same as Joint/Individual Account.
- The banker should not allow any transfer of the deceased's assets. The banker should not allow any transfer of the deceased's funds to the personal account of the executor nor he should allow the executor to raise any personal loan against security of the deceased's property.
Otherwise, he will be held liable for the misuse.

[3.7]Papers /Documents required for opening of

ADMINISTRATOR & CLUB/SOCIETY/SCHOOL/COLLEGE ACCOUNTS:

Administrator:

An administrator is appointed under the authority of a court of competent jurisdiction where the deceased appointing an executor leaves no will. The administrator has substantially the same duties and powers as those of the executor; they differ mainly in the manner of their appointment. While the executor derives his authority from the will immediately after the testator's death, the administrator derives his authority from the letters of administration, which he produces to the banker for inspection as an executor produces probate of the will for the purpose of a bank account. The administrator is also the legal representative of the deceased with powers to sue, recover debts and incur expenses. But he may not mortgage, charge or transfer any property without prior permission of the court granting the letters of administration. On the death of an administrator the surviving administrator, if any, acts, but on the death of the last administrator fresh letter of administrator is necessary.



Club/ Society/School/College etc:

- Two copies of passport size photograph of the Account holder(s) or person(s) who will operate the Account duly attested by the introducer.
- Memorandum & Articles of Association duly certified by the Chairman/Secretary.
- Bye Laws & Regulation/ constitution duly certified by the Chairman or Secretary.
- In case of cooperative society Bye Laws & Regulation/ constitution.
- Duly certified by Cooperative Officer.
- Resolution of Management Committee/ Executive Committee for opening & operation of the Account.
- Up to date list of Office Bearers/ Governing Body/ Managing Committee duly certified by the Chairman/ Secretary.
- Government approval in case of registered Club/society.

⇒ **CAUTIONS:** Same as Joint/Individual Account.

[3.8] Papers /Documents required for opening of

NGO, JOINT VENTURE, & AIRLINES Accounts:

NGO:

- Two copies of passport size photograph of the Account holder(s) / person(s) who will operate the Account duly attested by the introducer.
- Certified copy of Bye Laws & Regulation/ constitution duly certified by the Chairman/ Secretary.
- Certified copy of Resolution of Management Committee/ Executive Committee for opening & operation of the Account.
- Up to date list of Office Bearers/ Governing Body/ Managing Committee duly certified by the Chairman/ Secretary.
- Permission from NGO Bureau.
- Permission from Head Office.

(Circular no. BASIC/HO/Gen/2000/14, Dated 18-10-2000)

⇒ **CAUTIONS:** Same as Joint/Individual Account.

Join Venture Company (Bangladeshi + Foreigner):

- Two copies of passport size photograph of the Account holder(s) or person(s) who will operate the Account duly attested by the introducer.
- Copies of passports of A/C operators (1st 6 pages + visa pages for foreigners).



- ➔ List of Directors
- ➔ Resolution of the Board of directors for opening & operation of the
- ➔ Account
- ➔ Permission from Board of Investment.
- ➔ Joint Venture agreement attested by Notary public
- ➔ Certified copies of the Memorandum and Articles of Association
- ➔ Certified copies of incorporation.

⇒ **CAUTIONS:** Same as Joint/Individual Account.

[3.9] Special cases in Account opening:

MINOR ACCOUNT:

Who is Minor?

A person who has not completed his 18th year of age is considered to be a minor.

But in those cases where the court appoints guardian to person or property of minor or the property of the minor is put under charge of a Court of Wards during the period of his minority, the person shall become major on completion of 21 years.

According to Contract Act minor has no right to sign a contract. So minor cannot open an account. But a Guardian of a minor can open and operate an account by minor's name.

Guardian of minor can open two types account by signing on stamp by any of the following declarations.

Minor is not owner of deposited money in minor account but he/she has right to withdraw money.

Minor is the owner of deposit in minor account.

Minor is not owner of deposited money in minor account:

⇒ **CAUTIONS:**

- ➔ Banker has to take special care so that no overdraft can be made on minor account. Minor cannot be liable for any loan as minor has no right to sign a contract.
- ➔ Minor should not provide chequebooks. But she/he can use cheque leaf. Minor will sign an only a loose cheque leaf in front of Branch In Charge so that he/she cannot draw excess amount of money. In any case, when there is the least



doubt, proper identification must be obtained & banker should inform the Guardian of minor.

- ➡ No cheque, bill should not receive in minor account. If any dispute arises minor cannot be liable for any contract.

⏏ **Minor is owner of deposited money in minor account:**

In that case minor cannot withdraw money from this account before being adult.

⇒ **CAUTIONS:**

- ➡ Date of birth of minor and the date of attaining majority should be noted at the top of the Account Opening Form and in the computer. So that he/she can withdraw money after being major.
- ➡ The Guardian who opened the account in the minor's name will introduce the minor after becoming adult to bank. In this introduction a renowned person should be present as a witness.

📁 **However the minor's account can be opened in his own name and minor himself can operate the account in the following way:**

- I. Minor who is 12 years or above may be allowed to maintain deposit account with us.
- II. Normal procedure of introduction and other formalities shall be observed.
- III. The account shall be non-borrowing in nature. Under no circumstances there shall be any overdraft in this account.
- IV. Minor can draw a cheque. If there is wrongful dishonor of such cheque minor can sue bank for damage and for wrongful dishonor. If there is a wrongful payment to the minor, Bank will not be able to recover such payment. So Branch should be very cautious for any payment to the minor.
- V. In case of death of the minor, his legal heirs would be the beneficiaries of the Account.

[3.10] Special cases in Account SURVIVOR:

⏏ **JOINT ACCOUNT:**In case of accounts to be opened in two or more names, "Either or Survivor" containing clear and specific instructions regarding operations of the accounts. These instructions shall be obtained under the signatures of all of them.

"Either or Survivor"

If in the account opening form contains the Instruction "Either or Survivor", in case of death of any joint account holders the balance will be payable to the survivor with total satisfaction by Bank.



In absences of the instruction “Either or Survivor”

In the absence of specific instructions in the Form “ Either or Survivor” balance of the joint account will be payable to the survivors and the legal representatives of the deceased joint account holder.

⇒ **CAUTIONS:**

In the event of death of any account holders, the survivor shall be requested to close the old account and open a new account in the name of the surviving account holder.

No overdraft shall be allowed in a Joint Account, unless all the parties to the account operate it jointly, and charge documents in respect of the advance are also signed by all of them.

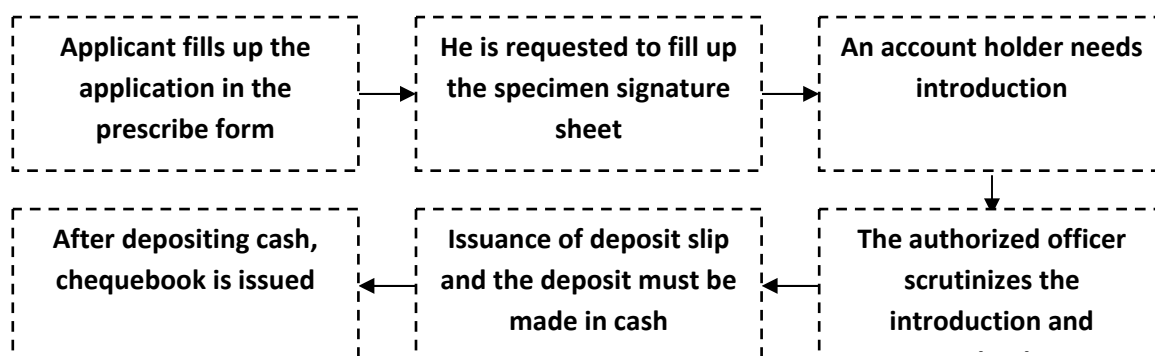
[3.11] ACCOUNT CLOSING:

To close an account, parties may be requested to send an application along with the unused leaves of the Cheque Books issued to them.

- * On receipt of the application, the following will be done:
- * The signature of the account holder shall be verified.
- * The number of unused Cheque Leaves shall be noted there on.
- * Before the account is closed the Branch In Charge shall approve the application after asserting the liability, if any, and incidental charges to be debited to the account.
- * After debiting the incidental charges to the account, the account holder shall be advised to draw the remaining balance from his account.
- * The “ Account Closed” stamp shall be affixed on the Account Opening Form and Specimen Signature Cards.
- * The application shall be posted with the account Opening Form and the Specimen Signature Cards shall be kept separately under lock and key.
- * An Authorized Officer shall destroy the unused Cheque leaves.

[3.12] Account Opening procedure [Flowchart]:

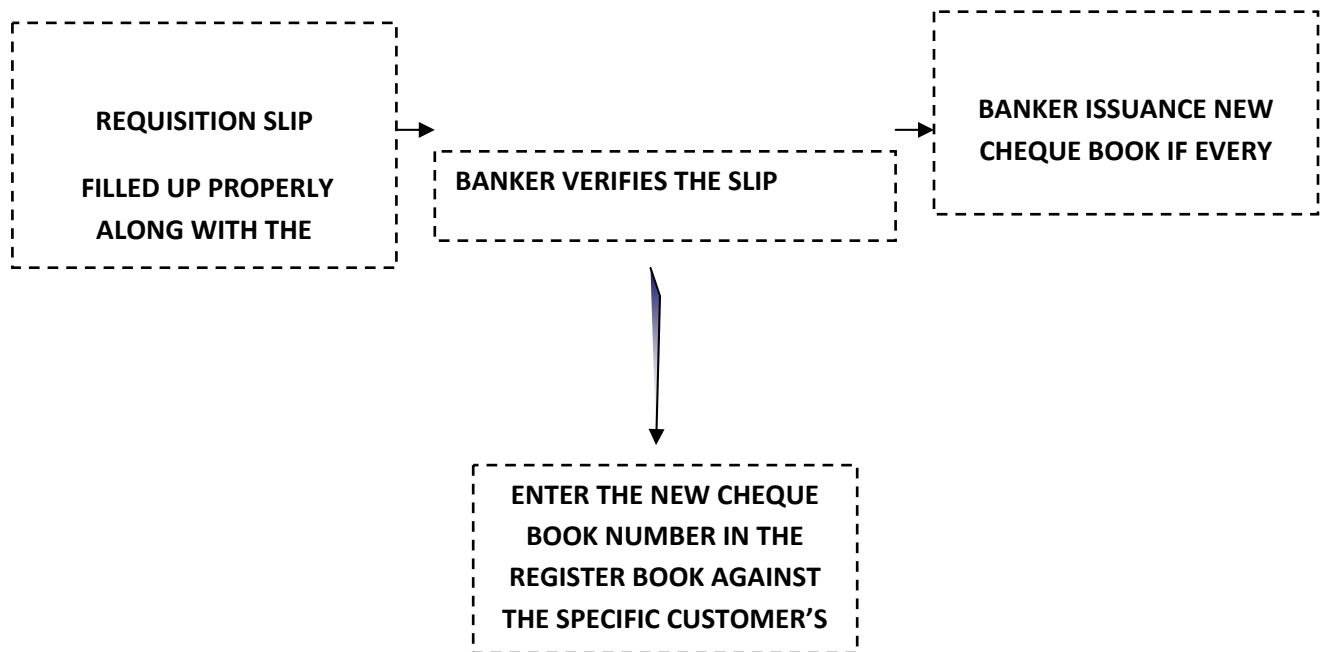
Account Opening Procedure with a Flow Chart: -





Issue of fresh chequebook:

Fresh chequebook is issued to the account holder only against requisition on the prescribed requisition slip attached with the chequebook issued earlier, after proper verification of the signature of the account holder personally or to his duly authorized representative against proper acknowledgment.



➔ **Issue of Duplicate chequebook: -**

Duplicate chequebook in lieu of lost one should be issued only when an A/C holder personally approaches the bank with an application letter of indemnity in the prescribed pro-forma agreeing to indemnify the bank for the lost chequebook. Fresh chequebook in lieu of lost one should be issued after verification of the signature of the account holder from the specimen signature card and on realization of required exercise duty only with prior approval of manager of the branch. Cheque series number of the new chequebook should be recorded in ledger card signature card as usual. Series number of lost chequebook should be recorded in the stop payment register and caution should be exercised to guard against fraudulent payment.



PART-FOUR
OPERATION OF
CUSTOMER SERVICE

D.D, T.T, PAY-ORDER

BASIC Bank Limited

Serving people for progress



[4.1] CUSTOMER SERVICE:

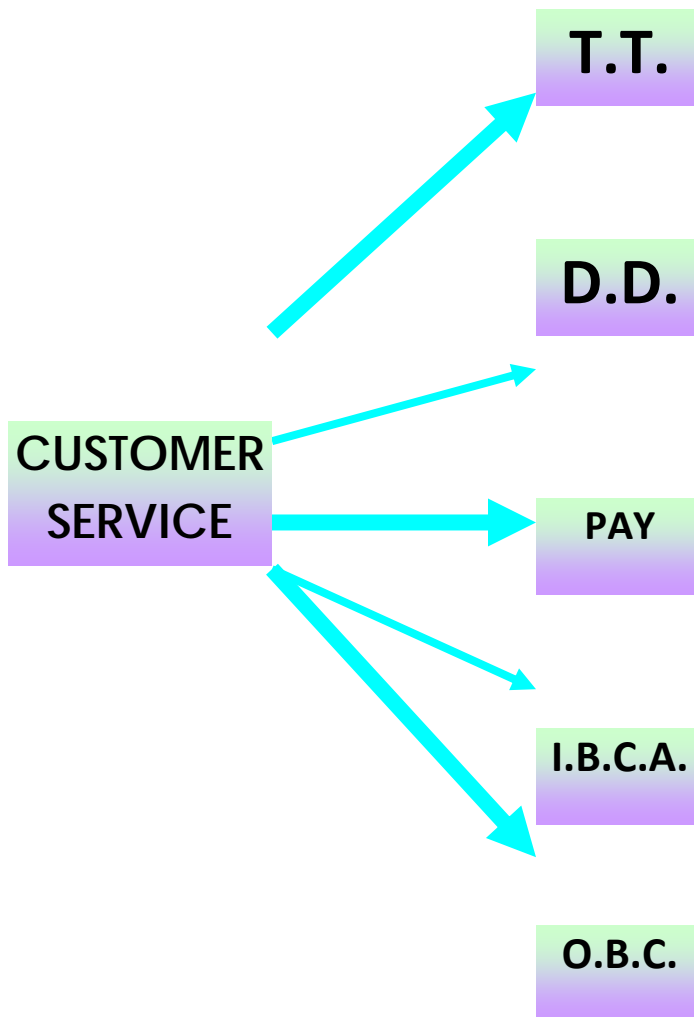
Through this section customers can do D.D, T.T, PAY ORDER, I.B.C.A, & I.B.D.A.

PROCEDURES OF D.D, T.T, PAY ORDER, I.BCA, & I.B.D.A:

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-10]





[4.2] 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.

PROCEDURE OF INWARD T.T:

This means any client of our branch want to does T.T. then he inform his branch and from that branch inform to main branch through telephone.

In this case bank must see some important things as follows: -

- T.T. control number.
 - Payee name and account number.
 - By order.
 - Test number. [For any amount of money this number must be needed]
 - Amount in ward.
 - Amount in figure.
-
- ⇒ After getting this T.T. bank cheque that T.T. and register it in register book according to that branch. In this case most important things is test number. Cause it maintained for client's security. If the test number doses not match with the register book then bank inform it to that branch and bank does not pay that money. But usually this type of mistake does not happen.
 - ⇒ After register T.T. banks make an advice, which has four parts. Bank indicates clearly the date, the amount of T.T. inward and in amount.
 - ⇒ In this advice bank dose customer accounts debit and head office account credit and write test number.
 - ⇒ Two copies send to that branch, one to the head office account and one is attach with voucher.

PROCEDURE OF OUTWARD T.T:


This is like reverse of inward T.T. In this case if any client wants to transfer money or account, he informs bank. Bank informs that branch where the client wants to transfer his amount. In this case, bank communicates with that branch through telephone.



Bank must inform the payee name, by order, amount of money, advice number. Same as inward T.T. procedure that branch makes advice against this branch.

For an example if any client of our branch wants to T.T. to Chittagong then he must fill up the form of T.T. where he writes all information as per T.T. form. Then bank cheque all information and charge commission, vat and telex charge.

For any amount of T.T. test number is needed.

 **Charge for T.T. as follows:**

[T-11]

CHARGES ON T.T.

<u>CHARGES</u>	<u>PERCENTAGE</u>
Commission	Minimum 150TK. Or 0.1% (Which one greater).
VAT	15%.
Telex Charge	50TK. (Fixed)

Note: Inward & Outward T.T.'s copy enclose in appendix.

[4.3] 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 inward 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.

PROCEDURE OF OUTWARD D.D:

In this case transferee fill up the form where he must write the drawer name and account number and the bank name which branch office collect the money.



In D.D. there must have important information as follows:

- D.D. Number.
- Control number.
- Payee name and account number.
- Amount in word and amount in figure.
- Branch code of from and to.
- Test number.
- Signature of applicant.

For an example if any client of our branch wants to D.D. to Sylhet then he must fill up the form of D.D. where he writes all information as per D.D. form. Then bank cheque all information and charge commission, VAT and postage charge.

For D.D. (1 to 49,999) Tk. There is no test number is needed. Greater than 49,999 Tk. D.D. needs test number.

Charges for D.D. as follows:

[T-12]

CHARGES ON D.D.

<u>CHARGES</u>	<u>PERCENTAGE</u>
Commission	Minimum 50Tk. Or 0.1% (Which one greater).
VAT	15%.
Postage Charge	25Tk. (Fixed)

Then register D.D. in register book. Where bank writes control number, test number, amount in word and figure, payee name and the branch name where it sends.

The bank makes an advice, which has four parts. Two copies send to the payee's branch, one copy sends to the head office and the rest one in this banks voucher.

PROCEDURE OF INWARD D.D.:

When D.D. from any branch, then we register it in register book, in this case bank must see the previous serial number. If it is correct, than bank register it in register book. Where bank entry date on the D.D., D.D. number, payee name, amount, and serial number.



For an example if any D.D. comes from Rajshahi. Then bank does:

Head Office A/c (Rajshahi Br)	Dr.	
	D.D. Payable A/c	Cr.

When branch gets that money from head office then bank does:

D.D. payable A/C	Dr.	
Customer A/C	Cr.	

Branch office maintain a with head office which is called Head Office Account.

Note: Inward D.D.'s copy enclose in appendix.

[4.4] 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. 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 cheque, 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.



 **Bank take commission and VAT as follows:**

[T-13]

**CHARGES ON
PAY-ORDER**

CHARGES	TK.
Commission	50TK.
VAT-15% of commission.	8TK.

Note: Pay Order form copy enclose in appendix.

 **REFUND OF PAY ORDER:**

The following procedure should be followed for refund of pay order by cancellation:

- The purchase should submit a written request for refund of pay order by cancellation attaching therewith the original pay order.
- The signature of the purchaser will have to be verified from the original application form on record.
- Manager/ sub-manager's prior permission is to be obtained before refunding the amount of pay order cancellation.
- Prescribed cancellation charge is to be recovered from the applicant and only the amount of the pay order less cancellation charge should be refunded. Commission recorded for issuing the pay order should not be refunded.
- The pay order should be affixed with a stamp "Cancelled" under proper authentication and the authorized officer's signature of the pay order should also be cancelled with red ink but in no case should be torn. The cancelled pay order should be kept with the relevant ticket.
- The original entries are to be reversed with proper narration.
- Cancellation of the pay order should also be recorded in the pay order issue register.



[4.5] I.B.C.A. & I.B.D.A:

[Inter Bank Credit Advice & Inter Bank Debit Advice]

Cheque comes from different bank. If these cheque come from within Dhaka city then it goes to clearing house. If these come from outside the city then bank do OBC (Outward Bills for Collection) against that bank to collect that amount of money. After receiving the cheques and crossing on that cheque, then put OBC seal on that cheques, then put endorsement sill backside of these cheque and register it in the register book.

Then bank makes advice against that bank where the cheque comes. If the bank request for OBC to any branch of its. **Then bank advice to send I.B.C.A. then Bank make a liability voucher, where: -**

Customer Liability	Dr.
Bankers Liability	Cr.

After collection money bank does: -

Bankers Liability	Dr.
Customer Liability	Cr.

On the credit voucher bank write the OBC number, Date, in advice, Bank name and amount.

If the bank request its any branch to collect the amount of money where it needs to collect, then bank must write the name of the bank where it will be collected. If bank collects in directly from any bank, in that case bank writes Drawn Yourself.



PART-FIVE

CLEARING HOUSE

INWARD & OUTWARD

BASIC Bank Limited
Serving people for progress



[5.1] CLEARING HOUSE:

📁 ORIGIN OF BANKS' CLEARING HOUSE:

Before introduction of the present concept of Clearing House, the representatives of the banks had to collect the proceeds of the instruments in Cash from the drawee banks, which involve risk, time and money. Mr. Arbin first thought about Clearing House to solve those problems and on the basis of his revolutionary thought Banks' Clearing House was initially established in 1775 in London as "London Clearing".

📁 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:

- 1. Inter-Branch Clearing, and**
- 2. 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.

📁 USEFULNESS OF CLEARING HOUSE:

Clearing House is essential for adjustment of a developed Banking System. It makes easy settlement of inter-bank claims and it saves huge cash transactions and consequent danger of loss in transit and the necessity of holding by every bank of a huge cash balances for the purpose. The Clearing House is of incalculable benefit as a time, labor, risk and currency saver.



 **FUNCTION OF CLEARING HOUSE:**

- ✂ Operational procedure at Branch Level,
- ✂ Internal or Inter-Branch Clearing procedure, and
- ✂ Main Clearing House or Inter-Bank procedure.

[5.2] OPERATIONAL PROCEDURE AT BRANCH LEVEL:

1. Outward Clearing,
2. Inward Clearing.

 **OUTWARD CLEARING:**

Under this system negotiable instruments drawn on other banks are presented in the respective bank through Clearing House for receiving payment and after receiving the proceeds of the cheque / instruments the accounts of the respective clients are credited.

 **INWARD CLEARING:**

Under this system negotiable instruments of different banks presented in the Clearing House are received by the representative of the respective bank and bring the instruments of their branches for making payment.

Procedural activities of Outward Clearing System:

Outward Clearing System includes the following activities:

- ➔ Scrutinizing the correctness of the instruments that received for clearing.
- ➔ Affixing the branch crossing seal on the face of the instrument.
- ➔ Affixing branch clearing seal on the deposit slips and on the face of the instruments.
- ➔ Making necessary endorsement on the back of the instruments.
- ➔ Encoding the necessary information of the instruments in the diskette.



[T-14]

Date	Cheque Number
Batch No	Book Number
Bank From	Cheque Type
Bank To	Cheque A/C No.
Issue Date	Amount
Cheque Series	Payee Name
Cheque Sl. No.	Payee A/C No.
	Amount in deposit slip

- ➔ Preparation of schedule bank-wise as well as branch-wise.
- ➔ Preparation of Outward Clearing Register.
- ➔ Sorting the instruments bank-wise and branch-wise.
- ➔ Ensuring the correctness of encoding regarding the information of instruments in the diskette, (the outward Clearing Register check the cheques with instruments and Deposit slips and make necessary corrections in the diskette).
- ➔ Stapling the instruments with the schedule.
- ➔ Sending the instruments along with diskette to the Main Branch or Local Office for clearing.

Passing the entries at the time of sending clearing instruments is as under:

For branch other than Main Branch / Local Office:

Debit : Head Office A/C (Main Branch)
Credit : Sundry Clients A/C / other A/Cs

Activities of Internal Clearing House at Main Branch:

- ➔ Receiving the diskettes containing the information of negotiable instruments along with instruments supported by its clearing schedules and necessary Inter Branch Debit Advice (IBDA) from the representatives of branches.



- The diskettes received from the branches are merged and transferred to a diskette, which is to be presented in the Clearing House at Bangladesh Bank.
- Preparation of Summary Schedule and House Sheet.
- Sorting the instruments Bank-wise as well as Branch-wise and stapling the instruments with the schedules accordingly.
- Preparation of summary Outward Clearing Register.
- Passing the entries by Main Branch at the time of sending the instruments to Bangladesh Bank Clearing House are as under:

For Main Branch/ Local Office:

Debit : Suspense A/C – Clearing Receivable.

Credit : Sundry Clients A/C / other A/Cs.

Credit : Head Office A/C (Responding the IBDA of Branches)

[5.3] ACTIVITIES OF INTER BANK CLEARING HOUSE AT BANGLADESH BANK:

- Handing over the diskette and House sheet to the Computer Section of the Clearing House.
- Handing over the bank-wise sorted instruments to the representatives of the respective Bank.
- Diskettes received from different Banks are merged in the Computer Section of Clearing House and summary House Sheets of all Banks are prepared separately.
- Handing over the summary House Sheet of the Bank to the respective representative of the Bank. All instruments received and delivered are
- Printed in the Summary House Sheet, which is as under:

BASIC Bank Limited

1st Clearing, Dhaka

Date:

No. Of Cheque delivered	Amounts	Name of the Bank	No. Of cheque Received	Amounts
Net amount receivable / Payable Tk.				

Thus if the delivered amount is greater than the received amount, calculate the receivable amount which is credited to the respective bank account maintained with Bangladesh Bank.



But, if the delivered amount is less than the received amount, calculate the payable amount, which is debited from the respective bank account with Bangladesh Bank.

- ⇒ Representatives of the banks return to their respective Main Branch or Local Office with the instruments and diskette that received from the Clearing House.

Inward Clearing at Inter Branch Clearing House:

Instruments received by a Bank from different Banks in the Clearing House are sorted branch-wise and passes the following entries in two phases:

PHASE – I

Debit : Head Office A/C (Other Branches)
Debit : Client's A/C of Main Branch
Credit : Sundry Creditor A/C – Clearing Payable.

PHASE – II

Entries passed earlier in Clearing Receivable A/C and Clearing Payable A/C are reversed and the following vouchers are to be passed for adjustment of 1st Clearing House activities:

Credit : Clearing Receivable
Debit : Clearing Payable
Debit/Credit : Head Office A/C.

[Debit H.O. A/C if the Clearing Receivable > Clearing Payable or Credit H.O. A/C if Clearing Receivable is < clearing Payable]

Then the instruments of the branches supported by I.B.D.A.'s are delivered to the respective branches through their Messengers.



[5.4] Precautionary Measures:

While making payment of the instruments received the clearing House the following precautionary measures should be taken:

- If the crossing seal of the collecting bank on the face of the instrument is not affixed the instrument should not be honored.
- If the clearing seal with present date is not affixed on the face of the instrument, the instrument should be returned unpaid.
- Date on the face of the instrument must be checked carefully. If the cheque is post-dated or anti-dated the cheque should be returned unpaid.
- If the cheque does not bear the signature of the drawer on the face of the cheque, the cheque must be returned.
- If the drawer's signature of the cheque differs with the Specimen Signature Card, the cheque should not be honored.
- If the amount in word differs with figures the instrument should not be honored.
- If the instrument does not bear the endorsement on the back the instrument, the instrument should be returned.
- If the drawer stops the instrument, the instrument should be returned unpaid.
- If the instrument is mutilated and the collecting bank does not confirm the same, the instrument should be returned.
- If the alteration in date / figure / words is not confirmed by the drawer the instrument should not be honored.
- If the collecting bank's discharge is irregular, the instrument should be dishonored.



PART-SEVEN

SWOT ANALYSIS & RECOMMENDATIONS



CONCLUSION

BASIC Bank Limited

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SWOT ANALYSIS

The Bank's strength and competitive capabilities can be shown by the SWOT analysis. The SWOT analysis is grounded in the basic principle that strategy-making efforts must aim at producing a good fit between a company's resource capability and its external situation. The SWOT analysis of BASIC Bank Limited is as follows:

❖ **S- Strengths**

- i) **Reputation of the Bank:** Since the inauguration the bank has managed their activity with their own images to serve their customers. They have provided services successfully and have achieved goodwill among the Banks. The Bank is opening with its efficiency and integrity.
- ii) **Sponsor:** BASIC bank has sponsors from various sectors of Bangladesh. The most successful entrepreneurs from various sectors started this company. As a result there was a combination of different thoughts and skills in the management of the bank, which is very much essential for success in today's competitive market.
- iii) **Top Management:** BASIC bank has a very competent and experienced top Management. The current Managing Director Mr. **Mozammel Haque** has banking experience for a long time period. He had the experience of marketing and customer relationship management in his long career. This has helped the bank to achieve its goal.
- iv) **Shariah Based Banking:** BASIC Bank is operating based on Islamic Shariah. As Bangladesh is a Muslim country, the Shariah banking has been able to attract customers and achieved a great success in the private banking sector.
- v) **Branches:** BASIC bank is operating their business all over the country with 30 branches and still planning to expand their business by opening new branches in the country. It has strengthened the distribution of the bank's services.



- vi) **Government Bank:** The 100% Share of BASIC Bank is Government. So it is a very Good Strength for any Company.

❖ **W- Weaknesses:**

- i) **Promotion:** The bank does not any formal promotional activity. They do not give any sort of advertisement or do not have any marketing activity. They do not even too many billboards. This is why they are far behind the competitive in the private banking. Even some people do not know that BASIC Bank is operated according to Shariah.
- ii) **Remuneration:** The remuneration of the officers of BASIC bank is lower compared to other private banks. Even the internship students are paid nothing. This is why high skilled human resources are discouraged to join here.
- iii) **Online Banking:** At Present Every bank try to converted them to the Online banking. BASIC bank has no Online Banking System. So it is a great weakness for the Bank. I hope that BASIC Bank also introduce the Online banking System & serve his Client very Smoothly
- iv) **Centralization Decision Making:** The decision making of the bank is too many centralized. No decision is made without the authorization of the head office. Sometime some quick decision is needed to be taken, but from the branch, no one can make decision. It is one of the major draws back of the bank.
- v) **Lacings of some officer:** Some of the officer of the BASIC Bank LTD are not sincere their work. They do not come regularly; if they come they do not work properly. They just talk & pass the time. Some of the officers are not suitable for his position.



❖ O- Opportunities

- i) **Consumer Banking:** BASIC bank is operating corporate banking. In our country there is a huge opportunity of consumer banking. So BASIC bank can reposition their branding and introduce consumer banking with corporate banking.
- ii) **ATM:** The banking sector of the country is becoming modernized in the country. People like to draw money anytime from anywhere. So ATM card is getting popularized in the country. BASIC bank can introduce ATM system in their bank. More Over, Shariah Based banks are not providing ATM cards. So those who want ATM card but do not like interest, they can be attracted by ATM card issued by a Shariah Based Bank.
- iii) **More Branches:** The economy of the country is expanding. The business outside Dhaka is also expanding. As a result, the demand for banking service is increasing day by day. So BASIC bank can open more banks in the country and can expand their business.
- iv) **Shariah Based Banking:** In our country people are religious. Most of the people are Muslim. They are becoming educated and know the bad impact of interest. So they are moving towards Shariah based banking. BASIC bank takes this opportunity.
- v) **Government Bank:** BASICBank is Govt. Bank. So it has a great opportunity to expand itself.

❖ T- Threats

- i) **Competitions:** In Bangladesh, after economic reform, more private bank has started their operation in the country. They are coming with different types of attracting products. This has increased the completion among the private banks.
- ii) **Devaluation of local Currency:** The value of local currency is decreasing. So investment in local banking is decreasing. More over the inflation is increasing in the country. So people want to save money but in many cases they cannot. As a result, the banks are getting less deposit.



- iii) **Bank Default:** There is a tendency of the people of the country to become bankrupt. Few years ago Sonali & Oriental bank has a great suffering. In our country, the receivable from top 20 bankrupt companies stood 88.36 billion. This is discouraging banks to make new investment.

Recommendations

Basic Bank is one of the top class banks in our country. When I was placed at Agrabad Branch I didn't have serious problems regarding the operation, customer service, management, human resource department or anything else.

In spite of this I found few problems as follows:

- The time to reach Permanent Position from probation period takes almost two years, which is a very long time process as I considered and it should be less than two year.
- Some Officers of the bank are not self-motivated. They should be self-motivated by training.
- Basic Bank has only 68 branches, which are not so satisfactory to serve the country widely. It requires more branches throughout the country.
- DD, TT takes more time to operate. It should minimize time.
- We require some valuable information for the purpose of making Internship report but these kinds of information is not available. We strongly suggest helping us in this matter.



CONCLUSION

The BASIC Bank Limited has been trying to operate its business successfully in Bangladesh since 1994. Basic Bank has already developed goodwill among its clientele by offering its excellent services through General banking, Credit division and Foreign Exchange divisions. This success has resulted from the dedication, commitment and dynamic leadership among its management over the periods. The working atmosphere of the BASIC Bank Limited is very simulating. During the short span of time of its operation, the bank has been successfully to the position itself as a progressive and dynamic financial institution in the country due to the following reasons:

Although there was huge loss in the establishment period of the bank due to huge sunk cost and operating cost, from the second year the bank was gradually able to reduce cost proportionately through an effective management.

Interest expanses of the bank are reducing proportionately compared to interest income due to huge accumulation deposits as a result of increasing number of depositors. The number of depositors and the amount of deposits lie in the upward trend due to offering attractive services to the customers.

Other income of the bank is also going up every year due to the increase of commission, exchange and brokerage fees in the foreign exchange section. Foreign exchange of the bank is operating effectively.

Operating expenses of the bank increasing every year compared to the growth in deposits.

All this together with its adoption of modern trend of Banking system has enable it to turn out as potential profiteering financial Institution. My course of internship in this Bank has been very valuable.



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- ✓ <http://www.bangladeshbank.com>
- ✓ Mozammel Haque (General Manager)
- ✓ Bank's employees



THE END

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