

# INTERNSHIP REPORT



# **Internship Report**

**On**

**“Agent Banking and Its Prospects in Bangladesh”**



**Inspiring Excellence**

## **SUBMITTED TO:**

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# LETTER OF TRANSMITTAL

10th November, 2015

Arifur Rahman Khan

BRAC University

Subject: Submission of Internship Report

Dear Sir,

With due respect, It is my pleasure to present this Report on 'Agent Banking and Its Prospects in Bangladesh'. I would like to thank you for assisting me to prepare the internship report. It was quite the challenge for me to prepare this report within due time. In preparing this report, I have tried my level best to include all the relevant information about Agent Banking and my experience in working at Modhumoti Bank limited.

I have tried to give my best effort to fulfill your expectation by completing this report through your instructions. I would be very grateful if you accept my report.

Sincerely yours,

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Mirza Sami Adib

ID: 10104182

Brac Business School

BRAC University

# ACKNOWLEDGEMENT

First I like to give my utmost thanks and all the praises to the Almighty Allah for giving everything in my life. When I was preparing the report, I have received the maximum cooperation and support from all the employees from Modhumoti Bank limited, Motijheel Branch.

I am very much grateful to my organizational supervisor Sk. Talibur Rahman, Manager of Modhumoti Bank Limited, Motijheel Branch, to give the opportunity to work on the banking atmosphere. He has given me all kinds of official support and cooperation to complete the report perfectly. I like to thank the employees, executive officers, and Deputy Manager of ModhumotiBank Limited for helping me in every aspect for the completion of the report.

I would like to thank my intern supervisor Arifur Rahman Khan, Lecturer, BRAC University for giving me direction and guidance at different times to prepare this report. It is his support and supervision that made me complete this challenging report successfully and submission at a due time.

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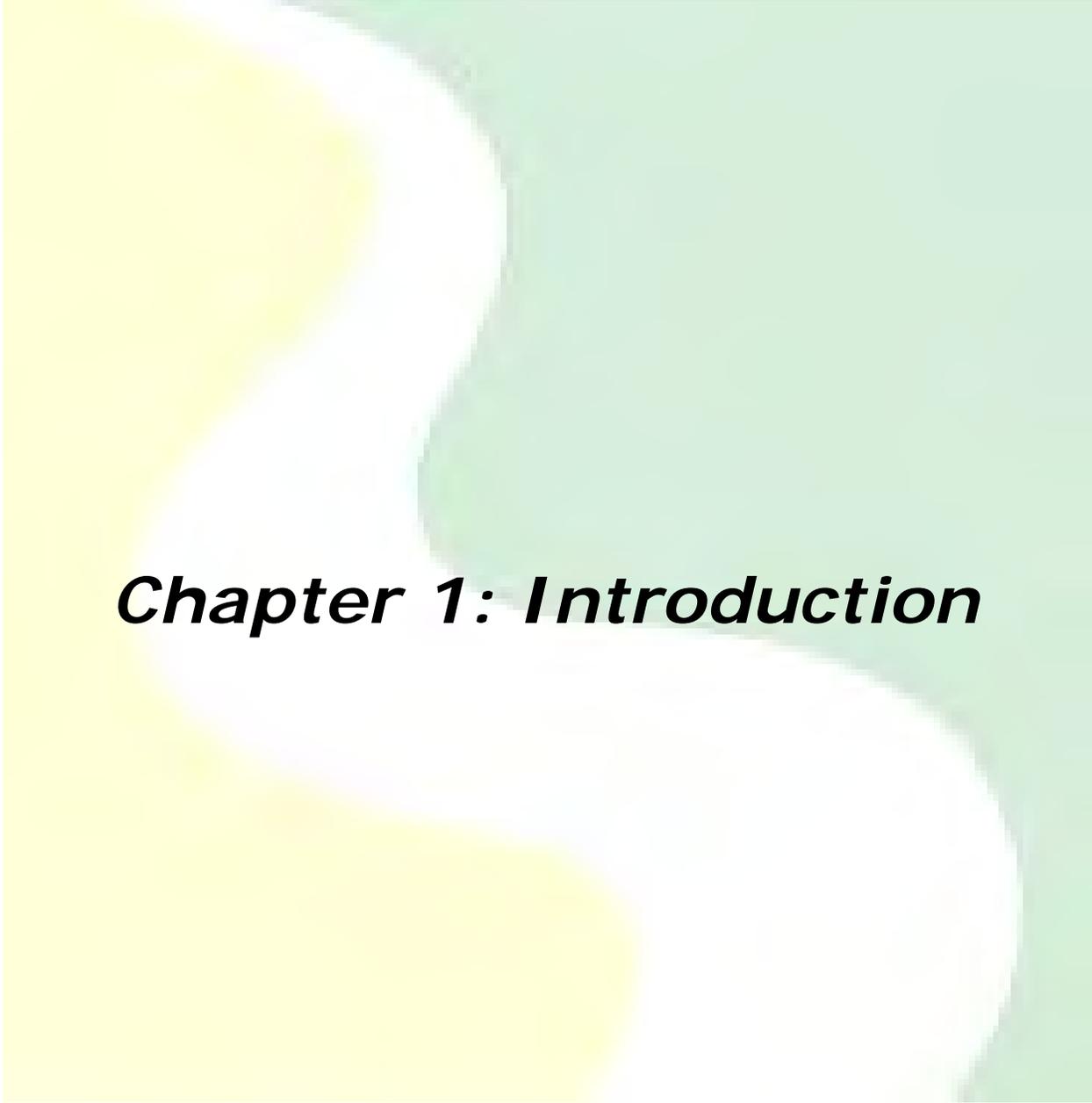
# Executive Summary

Now-a days the banking process is becoming faster, easier and wider throughout the world. At the same time banking sector is modernizing and expanding its area in different financial events every day. In recent years banks have diversified their services by their different products and services and also new subsidiaries are created so that they perform additional services to the customer or by merging with other types of financial institutions.

Modhumoti bank Ltd (mmbi) started its operation as a commercial bank in Bangladesh at 10<sup>th</sup> September, 2013 after obtaining license from Bangladesh Bank. The Bank's vision is to lead the new generation of local commercial banks by excelling in customer delivery through insight empowered employees, smart use of technology and a full scale of highest quality products and services.

Modhumoti bank Ltd has recently introduced a new devastating and special product and service in our country which is Agent Banking. This bank has launched the Agent banking service in their recent 2<sup>nd</sup> anniversary which is currently established in their Shakhipur Branch.

This report is all about Agent banking and its prospects in Bangladesh. Agent banking service is new to this country and before Modhumoti bank there are two other banks only who have launched this service in Bangladesh. Agent banking service is kind of new to this country and it's still not that spread across the country. The main purpose of agent banking is to bring and introduce the banking services to the people of rural areas through an agent where the physical structure of a bank cant established there.



# ***Chapter 1: Introduction***

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## Introduction

Agent banking is a unique and new service system to the banking sector and many people do not fully understand the systems of agent banking. Agent banking is a which provides to customers a limited scale banking and the various types of financial and transactional services to people who doesn't get any opportunity or services from banking sector in their area and it will be provided through an agent who will be the representative of a certain bank and provide all the possible banking services they can get.

Agent banking services is banking services which are provided through engaged agents under a valid agency agreement, service agreement or a similar agreement. It is the owner of an outlet or branch who conducts banking transactions on behalf of a structural bank. These retailers globally square measure being progressively used as necessary distribution channels for money inclusion. Bangladesh Bank has additionally determined to push this complimentary channel to achieve to the poor phase of the society additionally as existing bank client with a variety of monetary services particularly to geographically spread locations. With a read to making sure the security, security and soundness of the planned delivery channel Agent Banking pointers are framed by the Bangladesh Bank to allow banks to be engaged in agent banking. (Agent Banking)

The following services will be covered under Agent Banking:

- Receiving of small value cash deposits and cash withdrawals
- Inward foreign and local remittance disbursement
- Facility of small value loan disbursement

- Recovery of accounts, cards, loans, installments to customers
- Facility of utility bill payment and other bills
- Cash payment under the Government social safety net programmer
- Facilitating fund transfer from account to account
- Balance inquiry and information
- Collection and processing of forms/documents in relation to account opening, loan application, credit and debit card application from public
- Post sanction monitoring of loans and advances and follow up of loan recovery.
- Receiving of clearing and issuing cheque.
- Other functions like collection of insurance premium etc.

(Agent Banking)

Required Qualification for performing as Agent:

- Agent must have a permanent resident and authorization
- Must have enough guidelines and knowledge for conducting Agent banking.
- Agent should be financially self-dependent & have the ability to cash transaction.
- Ability to meet commitment with customer.
- Agent should have knowledge and ability to handle technology and its financial services.
- All transaction's with the customers which are recorded should be preserved for internal audit with enough securities
- Agent cannot be engaged with any personal and unauthorized activities.
- Agent should have ability to perform the given responsibility accurately

- Agent must be concerned about the reputation of the institution and its well being.

(Bank Asia- Agent Banking manual)

Agent banking is a unique service and it has been introduced in the different areas of Bangladesh where traditional and structural banking and its products and services has not yet reached. From Jan 19 two banks have started recruiting agents at the grassroots level and offer banking services which is Bank Asia and Dutch-Bangla Bank. Later another two banks – South Bangla Agriculture and Commerce Bank, and NRB Commercial Bank launched the service. And recently Modhumoti bank got license from Bangladesh bank and introduced their agent banking operations in Shakhipur to begin operation. (bdnews24, 2015)

The central bank issued licenses to the five banks for running agent banking, under which financial services would be offered through agents instead of branches. Bangladesh Bank officials said Bank Asia had already appointed 49 agents in 32 upazilas under 17 districts and Dutch-Bangla recruited six agents. Bank Asia recruited more than 20 agents on Bogura, Shirajgonj, Rajshahi, Nougua and Rangpur. The central bank had issued a circular on Dec 9, 2013 approving agent banking in the rural areas where banks have no branches. In another circular on Jan 6 this year, the central banks endorsed agent banking also in the urban areas not covered by traditional banking system. (Siddiqui, 2013)

According to Bangladesh Bank, customers won't need to pay any charge for the services that they're going to receive through the agents. Little amounts of cash may be deposited or withdrawn besides receiving remittent through agent banking. The agents will pay out little credit and collect loan

installments and utility bills. The policy on agent banking stipulates that customers will receive government help from social safety programmers and deposit premium through the agents. They'll conjointly transfer cash from one account to a different and check account balance. Anyone will collect info concerning gap of checking account from the agents and apply for loans, and credit or debit cards through them. The agents, however, cannot build payment on any cheque, open any account, issue cheque books or bank cards, and interact interchange. AN agent has got to have the qualifications determined by the financial organization and provides a deposit of Tk 100,000 for appointment. They're going to get a definite commission on transactions. The policy says NGOs, micro-credit agencies, cooperatives, post offices, companies, mobile-phone operators' agents, union info service centers, regime establishments and anyone capable of providing money services supported info technology may be appointed agents.

(bdnews24, 2015)

## **Background of the report**

This main purpose of this report prepared is for the requirement of the internship program under the BBA program of BRAC University. This report is prepared on Agent Banking and its prospects with respect to knowledge acquired on my experience during internship period at Modhumoti Bank LTD. I was placed in the Motijheel branch of Modhumoti bank for my internship program and prepare a report on Agent banking. I got the opportunity to work at the general banking section in Modhumoti bank ltd. I got the opportunity to observe the banking practices and learn about Agent banking

as because during my internship days Modhumoti Bank introduced Agent banking on their 2<sup>nd</sup> anniversary.

## **Objective of the study**

There is only one objective in this report for my internship, which is -

- “To learn about Agent banking and currently its prospects in Bangladesh”

## **Methodology**

For preparing this term paper I have used some official information's and documents. The report is descriptive in nature and also included my internship experience. The information mainly collected from the GB at Modhumoti bank (mmb). The sources of information are collected from are-

### Primary sources-

- Oral interview with Executive officers from MMBL
- Conversation with the customers and employees

• Discussion from the employees and executive officers about the prospects of agent banking.

- Relevant information about agents and their purpose.

### Secondary sources-

- Personally collected data from officers and employees
- News clips of Agent banking information provided by employees
- Information from MTBL website
- Information from Annual Reports 2014 of MMBL

## **Limitations**

During my internship program and for completing this report I have found some limitations and obstacles which I faced and it became so much challenging to maintain the proper balance and successful completion of the report. The limitations are-

- Agent banking is a totally new service to the banking sector so customer may find it difficult to understand the service system.

- Information about agent banking is very less descriptive as its structure also new.

- Lots of work and activities at the office

- Some of my colleagues went to training and it became more pressure of work for me at the office

- Hardly got any leave from my internship program as we were two people working instead of six

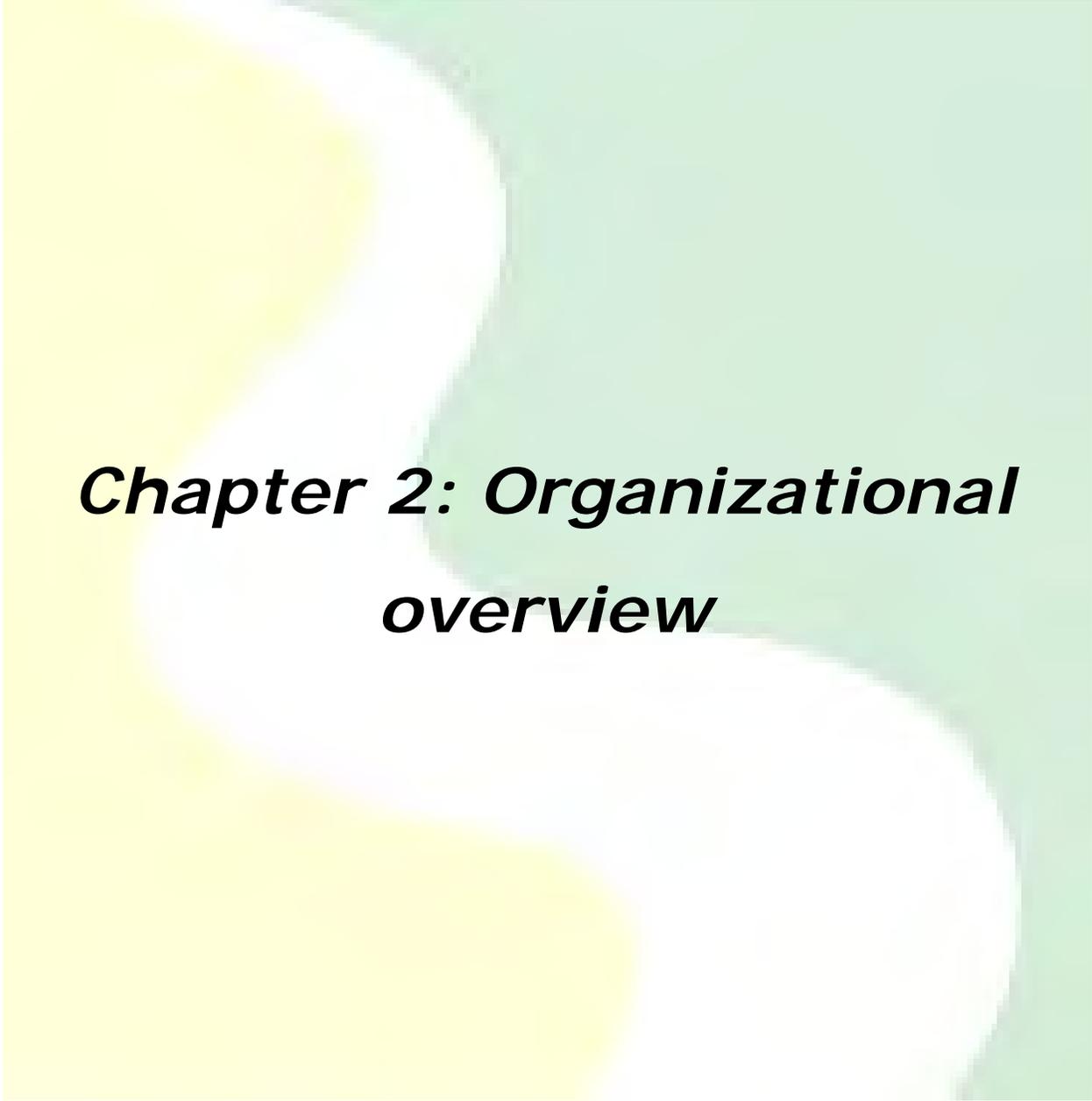
- Hardly got any time for my report researching in office.

- Got no access to the computer and no ID and password was given to me.

- In the front desk only one computer can access in the internet and I was not allowed to use it.

- As the Bank time schedule, rules and regulation is so tight and I had to maintain the regular attendance.

- In this internship program, I was more like an employee rather than intern as I had to maintain the time of enter the office, leave from office, work, take pressure, take responsibility like an employee which gave me less scope for my report research.



***Chapter 2: Organizational  
overview***

## Chapter 2: Organizational overview

Modhumoti Bank limited (MMBL) started its operation as a commercial bank in Bangladesh on 10<sup>th</sup> September 2013 after obtaining license from Bangladesh bank, the central bank of Bangladesh with a strong capital base of BDT 1370 million contributed by some preeminent investors who include lawyers, industrialists and businessmen in diverse fields of the country.

The banks vision is to lead the new generation of local commercial banks by excelling in customer delivery through insight empowered employees, smart use of technologies and a full usage of highest quality products and services.

MMBL's focus is on delivery of a comprehensive range of customer centric financial products and services to meet requirements of various products and services to meet requirements of various customers of different types, ranging from rural areas to corporates houses in cities through obtaining high standard of ethics and customer service.

The bank introduced commercial banking, consumer banking and cash management, treasury and services to its customers. It has been strong individuals, corporates, government organizations, small and medium enterprises and through its network of offices in the various locations of the country and utilizing information technology and talented human services.

MMBL believes in financial inclusion concept and has introduced alternative delivery channel, such as agent banking to reach the masses. The bank will continue opening branch offices in the near future to increase its presence in the country. Balance sheet of the Bank is growing steadily and key business indicators are also showing positive performance.

The year 2014 was a challenging year for the Bank. It began to mobilize both deposits and loans as the country's political situation began to improve and economic activities began to improve and economic activities began to pick up. The management of the bank expanded business in slow and steady manner during the year. At the end of the year, the bank's total deposits stood at BDT 9,838 million, which is an increase of 485.71 per cent from BDT 1,679.70 million as on December 2013. (Modhumoti Bank )

The mission of MMBL is –

- Fast and reliable customer service
- Maintain and balance sustainable growth
- Follow strong rules and regulations and business ethics
- Offer customers quality financial products and services with latest technology
- provide smooth come back on shareholder's equity
- Attract and retain qualified human resource
- Maintain company social responsibility
- explore un-banked areas

The vision of MMBL is -

- Is to steer the new generation of native business banks by excelling in client delivery through insight, empowered staff, sensible use of technology and a full vary of highest quality product and services.

(Modhumoti Bank)

## Internship Experience

Internship on an organization was a great opportunity for me to enter into the corporate world. It was an outstanding experience and opportunity for me works on an organization to have a real corporate environment experience and meet with corporate people working there.

I was given an opportunity to do my internship in a Banking sector. My internship organization was Modhumoti Bank Ltd (MMBL). So it was a dream environment and organization for me starts with. I always wanted to work in a bank and my target is to always have a job on a bank.

When I first start my internship on MMBL, I got no experience and have no idea how it should works and I do not know what to do and what I need to do. I was in a totally unfamiliar environment and a fully corporate atmosphere. When I joined and started my first day as intern of MMBL, I was nervous and I was looking everywhere to see what is happening and trying to calm myself from excitement and stay as sharp as possible.

At first one of my colleagues has introduced me to all other employees and executive officers and other departments. All the employees and executive officers I met were so generous and friendly. After introduction I sat in the front desk of MMBL and started working in general banking.

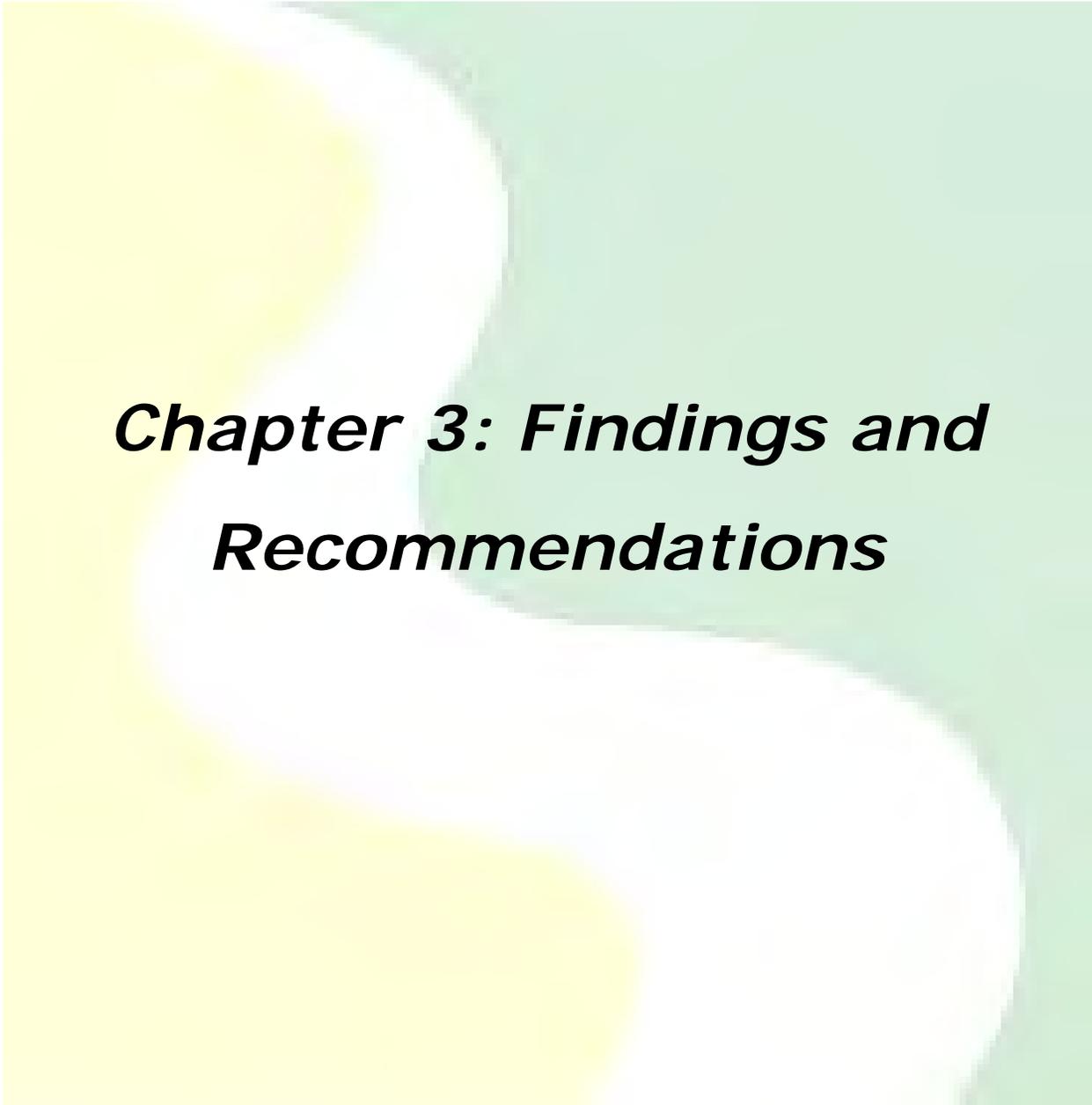
The senior employees were so helpful to me. Each day they taught me several things. In the front desk there were many things to do and many things to learn. My colleagues helped me out with many things. They have taught me every day about new works and how the works should be done perfectly.

The things I have done as intern in MMBL is-

- Inward entry all the files and document that comes to MMBL.
- Receiving incoming mails and documents from any source.
- Received mails and documents are listed and written down the details.
- After listing and include details the inward file needed to be sealed and also marked by the manager.
- Different inward marked files were transferred to different person and department.
- For the proof of all files are transferred to specific person, the received persons needed to give signs to the inward book.
- Receiving calls from inside and outside the office
- Outgoing file entry to a specific book and marked it by a serial number.
- Deal with customers and help them by giving information, forms, account opening etc.
- Complete different forms of different types of account that are need to open as a specific account in MMBL.
- Learned all the products and services of MMBL.
- Learn all individual forms on how to complete and the information, details and papers that are required to complete the form.
- Learned the files inventory and cabinet where different types of complete forms and account were kept safe.
- I hold the key of this cabinets and when needed I was able to search and provide the exact needed file to the employees or customers.
- The file photocopy and printing, design any context, keep all the different files to the right place and keep the exact paper to a specific file.
- Different outward files and thanks letter are being marked by a specific seal and signed by manager.

- All these files and letters needed to ready by listing on envelopes and before that all files were made a copy for our purpose.
- After finish preparing these letters the courier is being called and after receiving the courier needed to sign on a specific book where these outgoing files are listed.

There were other so many things that I have done and happened in my internship. Sometimes employees have given me a work to include the information of a certain account into their server by using pc. Also I went to different department for observing their work and activities. There were also bad experiences that I have faced during internship. I was claimed to have the keys of the cabinet either lost or left at my home where before that day I left the keys to office to a specific place where it should be. Actually someone else had the keys and he didn't tell the truth about it. The keys were found the next day in such a place where all the employees searched there before but they didn't found it and whom the keys have taken were successfully placed there. After all that I had enjoyed my internship time in MMBL and it was a lifetime experience for me which will be very much helpful in future.



***Chapter 3: Findings and  
Recommendations***

# Chapter 3: Findings and Recommendations

## Findings

During my internship I have found some information and some important aspects regarding Agent banking which include different news and information, and interviews from the customers, employees and executive officers from MMBL.

The findings of Agent banking that I found is-

- Modhumoti Bank limited recently has introduced Agent banking on their 2nd anniversary this September by obtaining license from Bangladesh Bank.
- Executive officers of MMBL suggested having a physical structure of Bank (branch) near to agent banking coverage area.
- Agent Banking targeted areas need to cover more rural areas and its peoples for the maximum service.
- Executive officers of MMBL think that people need more idea of agent banking activities.
- Bank Asia and NRB bank are the other two banks who has the license from Bangladesh bank for Agent banking and currently their agent banking service is running.
- Agent banking is becoming popular in North Bengal now-a-days.
- New customer, transactions are increasing day by day through agent banking.
- This year from June to now on Bogura, Shirajgonj, Rajshahi district has recruited more than 10 agents to their rural areas.

## Recommendation

- Bangladesh bank should have more training seminar for the agents.
- The proper ideas and information about the service of agent banking should be elaborated and discussed to the customers.
- Proper advertising, seminar and events should held for the customer attention and increase the popularity of unique services of agent banking.
- Bangladesh bank should give more permission and license to other banks to start agent banking which will be a great help for the rural areas.
- If more agent banking is established then the rural area people can learn more about the banking products and services which will be helpful for the country.
- Agent banking needs to target and cover up more areas where the banking services and physical structure of a bank cannot established well.
- Agents should be trained and experienced well enough for the agent banking services because the customer of rural areas can get the maximum service they can have from a bank itself.
- Proper banking services and products should be available on agent banking.
- Agent banking should be more organized and resourceful enough To replace a bank and through this Bangladesh can become financially developed as more customer are being covered.

- Gaining customer trust is very important for agent banking as they need to transact their savings and more traction facility should be available for the customer.
- More agents should be recruited for the agent banking service
- More agents should be placed for more rural areas for the maximum coverage and more facility for the villages.





***Conclusion***

## Conclusion

A banking service that can bring rural people to more financially advance and to be treated like all the customer of a bank and have facility like a Bank is actually an Agent banking is all about. Agent banking is a very special and unique service that can provide very important transaction facility to rural people. Though it's a new service in this country yet customer are increasing day by day are taking services and dealing a lot of transaction through agent banking. Rural people are very satisfied by the attempt of this unique banking service which is very useful to them as they can savings their money and even transfer money from one place to another easily through creating an account by agents are representing a bank itself. Now the total 5 banks has the license of agent banking which is NRB bank, Bank Asia, Dutch-Bangla Bank, South Bangla Agriculture and Commerce Bank and Modhumoti Bank. Expect the modhumoti bank the other four banks already have their agent banking service running and MMBL has recently introduced it and open their agent banking and individual branch is being established in Shakhipur. I hope MMBL will do great in the agent banking service similar to their existing branches. Agent banking is becoming very popular and will lead a strong financial outcome in the country and the people will be benefitted highly through the agent banking.

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