



BRAC University

MGT-699

Internship Report

**A Report on**

**“Deposits Analysis of Mercantile Bank Limited”.**

**Submitted to:**

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**Submission Date: 05.09.2016**

**“Deposit Analysis of Mercantile Bank Ltd.”**

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## CERTIFICATION

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Sarah Alam, a student of MBA, ID; 14164019 has completed internship report on “**Deposit Analysis of Mercantile Bank Ltd.**” as a partial requirement for obtaining MBA degree. I have read the report and found that it meets the standard of MBA internship reports Sarah Alam has completed the report by herself under my supervision.

I wish her all the success in life

-----

**Internship Supervisor**

**Hasan Maksud Chowdhury**

**Assistant professor**

**Brac Business School**

## LETTER OF TRANSMITTAL

To

Internship Supervisor

Hasan Maksud Chowdhury

Assistant professor

Brac Business School

Subject: Submission of internship report.

Dear Sir,

It gives me pleasure to submit you my internship report on Deposit Analysis of Mercantile Bank Ltd based on three months of internship in gulshan branch Dhaka. Three months work in this organization was a worthwhile experience for me as it was in one of the leading commercial banks in Bangladesh. The report is based on the information about the Procedures used by MBL in general banking, Sanctioning Loans and foreign trade. The information was collected during my internship in different departments MBL.

I believe that this internship program has enriched both of my knowledge and experience. I am indebted for your valuable suggestions and humble cooperation. Now I have placed this report before you for your kind approval. I hope that my report will satisfy you.

Sarah Alam

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## ACKNOWLEDGEMENT

First, I would like to express my gratitude to almighty ALLAH to give me the strength to complete the report within the stipulated time.

I am deeply indebted to my Academic Supervisor “Hasan maksud chowdhury” sir for his whole-hearted supervision. His suggestions and comments were really a great source of spirit to make the report a good one.

My sincere gratitude goes to Asfa khanam, Assistant Vice President, of Gulshan Branch of Mercantile Bank Ltd. for his cordial attitude and helping hand guides. In addition, I would thank Mercantile Bank Ltd for giving me the opportunity to work with them. And also providing me useful information and knowledge needed for my internship.

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## EXECUTIVE SUMMARY

This research intends to investigate the relationships of perceived usefulness, perceived ease of use, perceived credibility, customer attitude, and customer adaptation of electronic banking in the context of MBL, one of the leading banking service providers with a large ATM network in Bangladesh. This report is prepared by personal experience, information taken from MBL web site, financial report and help of senior officers.

At first, I have given an introduction about the report, origin of the report, objectives of the report, limitations of the report, scope of the Report.

After that, I started with the historical background of MBL, its goals, profile, function and other information about the bank.

Then I explain about the SWOT analysis of MBL. Then I described about Background of the Report, Sources of data, data collection, data analysis, Hypothesis Development, Hypothesis testing, Findings, Recommendations and Conclusion of the report.

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## Chapter 01

# Introduction of the Report

## 1.1 Origin of the Report

One of the most important factors industrialization and economic development of a country is the availability of the credit facility. The continuing crisis of accumulation of nonperforming and default banking loans has emerged as most of the serious constraint in the path of economic development of Bangladesh as banking remains the main intermediary vehicles in harnessing capital for accelerating the growth of the productive sectors in Bangladesh in the absence of the healthy capital market. But providing loans without proper appraisals are even more dangerous as the depositors are put into great risk of losing their money and at the end, the crisis might go beyond overcome. So, I think it is very important to gather the technical knowledge regarding the critical analysis of credit approval procedures practiced by the Mercantile Bank Ltd. This internship report on Mercantile Bank Ltd. is prepared to fulfill the partial requirement of the internship program as full credit subject of the M.B.A. program of BRAC university. In Bangladesh today financial sector is one of the most established areas in the macroeconomic sector. So for the aspects of economic development, banking sector must be reformed. In the process of forming a good economic system, private banks are prevailing an important role compare to the government banks in the country. For this reason I prepared my internship report on Mercantile Bank Ltd.

## 1.2 Objective of the Report

As business student it is indispensable to undergo some practical Report like this for the purpose of having flavor of professional atmosphere and make rectification, as required.

### 1.2.1 Broad Objective

- General objective of the report is to examine overall deposit management system of Mercantile Bank Limited.
- To get an overall idea about the management policies of MBL as well as Commercial Bank.

### 1.2.2 Specific Objective

- To analyze various deposit schemes of Mercantile Bank Ltd.
- To examine the deposit appraisal procedures followed by Mercantile Bank Ltd.
- To Report the control mechanism followed by MBL for deposit.
- To observe the overall asset quality of MBL.
- To recommend some suggestions for further development of MBL.
- To know the customer satisfaction about deposit scheme in MBL.
- To know the depository customers ratio.

### 1.3 Scope of the Report:

This report covered the overall deposit system of Mercantile Bank Limited and also includes relationship of the customers with the bank as well as the deposit Principals covered by the bank as a general banking system.

### 1.4 Limitations of the Report:

The present Report was not out of limitations. But as an intern it was a great opportunity for me to know the banking activities of Bangladesh especially Mercantile Bank Ltd. Some restraints are disclosed bellow:

- Data insufficiency limitation is the main constraint in the development of the report.
- As I am a not an employee of MBL, some data could not be collected due to internal security of the bank
- This report did not include the whole financial position of MBL, actually more focused on investment of the bank.
- Lake of Experience.

## Chapter 02

# The Organizational Overview

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## 2.1 About Mercantile Bank:

Mercantile Bank Limited emerged as a new commercial bank to provide efficient banking services with a view to improving the socio-economic development of the country. The main target is to make credits available to the poor people and their activities are aimed at comprehensive growth where people from all economic strata will enjoy the benefits of better living standard, dignity of labor and self-worth.

The Bank determined to build a long-term customer relationship with its corporate & general clients. As a part of this, Mercantile Bank Ltd. is trying to expand their business with the market leaders of each sector of business. Mercantile Bank Ltd. emphasizes not only on customer satisfaction but also emphasizes general banking and credit management system. So that customer can get better service from every side of overall banking.

Mercantile Bank Ltd is always ready to maintain the highest quality services by upgrading Banking technology, well management system and applying high standard of business ethics through its established commitment and heritage and is representing itself with true concept as 'Bangler Bank'.

The Bank is being managed and operated by a group of highly educated and professional team with diversified experience. The Management of the bank constantly focuses on understanding and anticipating customers' needs. The scenario of banking business is changing day by day, so the bank's responsibility is to device strategy and new products to cope with the changing environment. Mercantile Bank Ltd. has already achieved tremendous progress within only fifteen years. The bank has already ranked as one of top quality service providers & is known for its reputation. At present the Bank has real-time centralized Online banking branches (Urban & Rural) throughout the Country having smart IT-Backbone. Besides this traditional delivery point, the bank has ATM of its own, sharing with other partner banks & Consortium throughout the Country.

## 2.2 History & Background of Mercantile Bank Ltd.

Mercantile Bank Limited was incorporated in Bangladesh as a public limited company under the Bank Company Act, 1991, on May 20, 1999. After obtaining license from Bangladesh Bank to carry on banking business, the bank commenced its operation on June 2, 1999 with an authorized capital of Taka. 800 million divided into 8 million ordinary shares of Taka. 100 each.

Mercantile Bank Limited went for public issue of shares on October 21, 2003. Mercantile Bank Limited has been incorporated on May 20th, 1999 in Dhaka, Bangladesh as a public limited company with the permission of the Bangladesh Bank; MBL commenced formal commercial banking operation from the June 02, 1999. There are 30 sponsors involved in creating Mercantile Bank Limited; the sponsors of the bank have a long heritage of trade, commerce and industry. They are highly regarded for their entrepreneurial competence. The sponsors happen to be members of different professional groups among whom are also renowned banking professionals having vast range of banking knowledge. There are also members who are associated with other financial institutions insurance Companies, leasing companies etc.

The bank provides a broad range of financial services to its customers and corporate clients. The Board of Directors consists of eminent personalities from the realm of commerce and industries of the country.

The scenario of banking business is changing day by day, so the bank's responsibility is to devise strategy and new products to cope with the changing environment. MBL has already achieved tremendous progress within only fifteen years. The bank has already ranked at the top of the quality service providers and is known for its reputation.

MBL is now trying to widen its periphery by targeting all the potential sectors. With an extensive range of financial products and services to its valued clients. MBL also aims to contribute to the growth of GDP of the country through stimulating trade & commerce, accelerating the pace youth, alleviating poverty, raising standard of living of limited income group and expediting over all sustainable socio-economic development of the country.

MBL undertakes all types of banking transactions to support the development of trade and commerce of the country. The MBL services are also available for the entrepreneurs to set up new ventures and industrial units.

Now MBL is online to establish trade and communication with the premier international banking companies of the world. As a result MBL is able to have a global footprint. The bank has arrangement with widespread money transfer service agency “Money Gram”. It has a full time arrangement with widespread transfer money all over the world. Without this others money transfer services are western union, Xpress money, Placid etc.

Banking is not only for a profit –oriented commercial institution but it has a public base and social commitment. Admitting this true MBL is going on with its diversified banking activities. MBL introduced different types of savings scheme, consumers’ credit scheme, Housing loan, Different types of SME loan facilities to combine the people of lower and middle-income group.

MBL has provided Q-Cash Debit and Credit Card that has gained good market reputation. Being inspired by market the bank has already introduces VISA card in the market in 2008.

Besides with a view to develop the human resources professionally the bank has established a library wherein all sorts of books, journals including the professional’s books are available so that the officers and executives can sharpen and update their knowledge.

The operation hour of the bank is 9:00 A.M. to 6:00 P.M. from Sunday to Thursday with transaction hour from 10:00 A.M. to 4:00 P.M.

## 2.3 Profile of the bank

<b>Name of the Organization</b>	Mercantile Bank Limited
<b>Years of Establishment</b>	May 20th, 1999
<b>Head Office</b>	61, Dilkusha Commercial Area Dhaka-1000, Bangladesh.
<b>Nature of the Organization</b>	Public Limited Company
<b>Product and Services</b>	Deposit Product, Loan products, Corporate and Institutional services and Foreign Exchange Operations
<b>Number of Branches</b>	86
<b>Number of ATM Booth</b>	90
<b>Number of Employees</b>	2000(Approx.)
<b>Customer</b>	Corporate and Individual Customers
<b>Corporate slogan</b>	Efficiency is our strength
<b>Deposits</b>	Taka 106,296.47(million)
<b>Earnings per share</b>	Taka 34.90
<b>Loan and Advances</b>	Taka 87,111.17(million)
<b>Total Regulatory Capital</b>	Taka 9126( million)
<b>Capital Adequacy Ratio</b>	10.60%
<b>Cash Dividend</b>	23.00%

## 2.4 Functions of Mercantile Bank Limited:

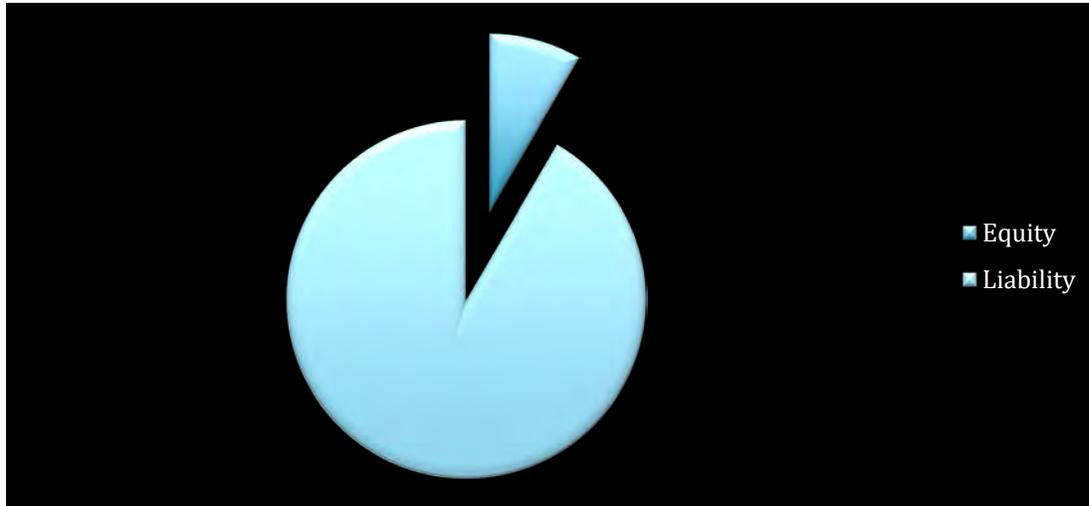
The MBL is quite different from other privately and managed commercial bank operating in Bangladesh, it grows as a leader in the industry rather than a follower. The leadership will be in the area of service, constant effort being made to add new dimensions. So that clients can get “Additional” in matter of service commensurate with the needs and requirements of the country’s growing society and developing country.

The functions of the Mercantile Bank Limited are as under:

- ❖ To maintain all types of deposit accounts.
- ❖ To make investment
- ❖ To conduct foreign exchange business
- ❖ To extend other banking services
- ❖ To conduct Social welfare activities through Mercantile Bank foundation.

Mercantile Bank Limited does the above mentioned function by three department namely general banking, foreign exchange and investment.

## 2.5 Capital Structure and Shareholder position:



Share of Capital	
Local Shareholders	42.63%
Foreign Shareholders	57.37%
Authorized Capital	Tk. 8,000.00 million
Paid-up Capital	Tk.6110.75million.
Deposits	Tk.106,296.47million
Investments (including Investment in Shares)	Tk.31152.14million
Foreign Exchange Business	Tk.214,629.00million

## 2.6 Achievements

The year 2012 marked the addition of yet another golden stair in the chronicle of MBL's success story. Meanwhile the bank has achieved some noteworthy feats within a time span of 15 years since its inception. On the other hand, the bank has achieved some noteworthy feats within a time span of 15 years since its inception. Mercantile bank Ltd. has been awarded as the "MBL received The Most Respected Company Awards" by Bangladesh bank. "MBL also received [12th ICAB National Award giving ceremony for Best Presented Annual Reports 2011](#)".

- The bank has been able to introduce real time On-Line any branch banking throughout the country.
- The bank has formulated a comprehensive credit risk management policy document in line with the guidelines issued by Bangladesh Bank.

## 2.7 Corporate vision

"Would make finest corporate citizen"

## 2.8 Corporate Mission

"Will become most caring, focused for equitable growth based on diversified deployment of resources, and nevertheless would remain healthy and gainfully profitable Bank"

## 2.9 Objectives of MBL

- To achieve positive Economic Value Added (EVA) each year.
- To be market leader in product innovation.
- To be one of the top three Financial Institutions in Bangladesh in terms of cost efficiency.
- To be one of the top five Financial Institutions in Bangladesh in terms of market share in all significant market segments we serve.

## 2.10 Corporate Slogan

Efficiency is our strength

## 2.11 Corporate Culture

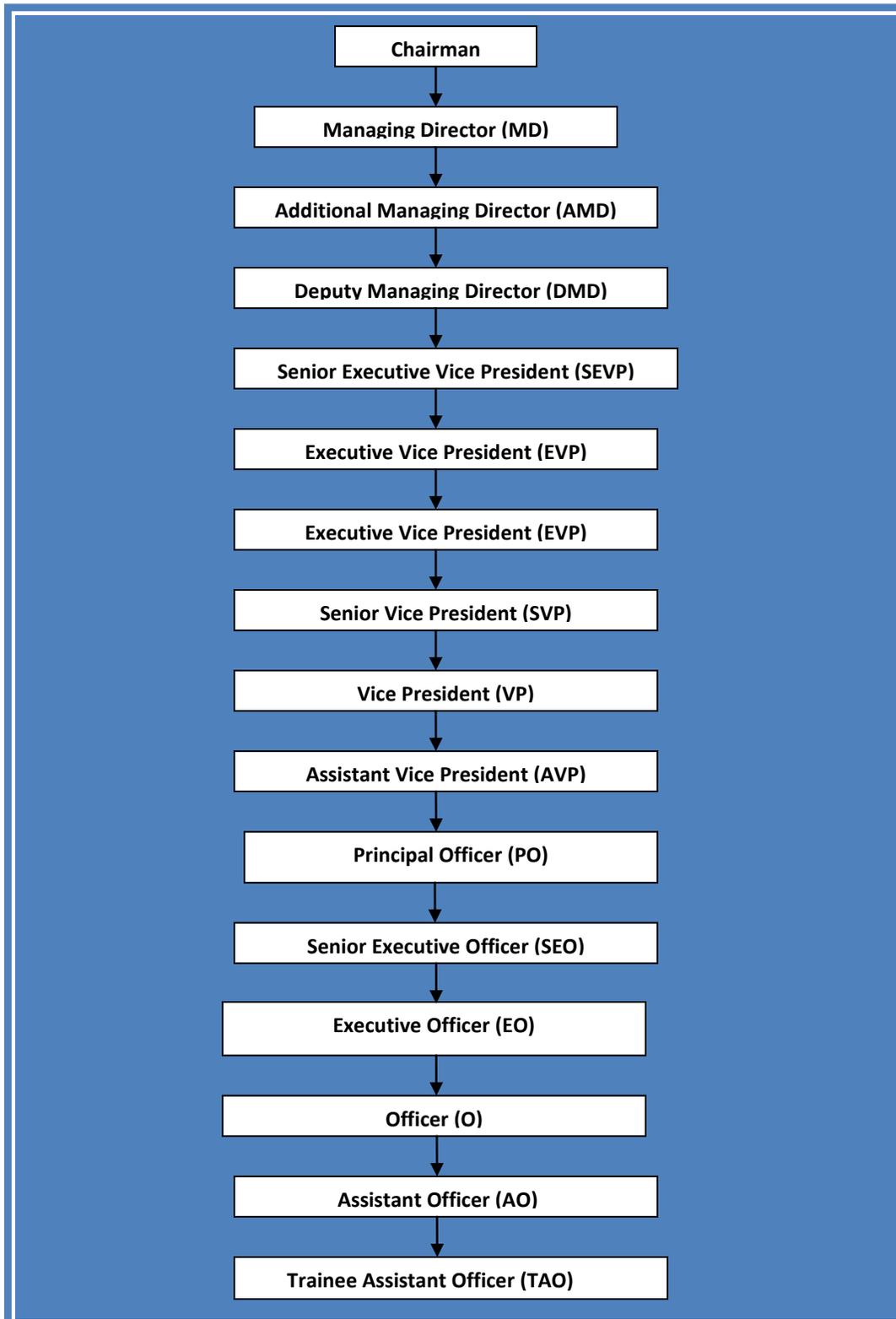
Employees of MBL share certain common values that help to create a MBL corporate culture.

- The client comes first.
- Search for professional excellence.
- Openness to new ideas and new methods to encourage creativity.
- Quick but proper decision making.
- Flexibility and prompt response.

## 2.12 Corporate Values

- **For the customers:** Providing with caring services by being innovative in the development of new banking products and services.
- **For the shareholders:** Maximizing wealth of the Bank.
- **For the employees:** Respecting worth and dignity of individual employees devoting their energies for the progress of the Bank.
- **For the community:** Strengthening the corporate values and taking environment and social risks and reward into account
- **New technology:** Adopting the state of the art technology in banking operations.

## 2.13 Management Hierarchy



## 2.14 Form of Organization

- Board of Directors
- Executive Committee
- Audit Committee
- Management Committee

### 2.14.1 Executive Committee

All routine matters beyond the delegated powers of the Management are decided upon by or routed through the Executive Committee, subject to ratification by the Board of Directors.

### 2.14.2 Audit Committee

In line with the guidelines of Bangladesh Bank, a 03(Three) members Audit Committee of the Board of Directors has been formed to assist the Board in matters related to Audit and Internal Control system of the Bank.

## 2.15 SWOT Analysis of MBL

The SWOT analysis comprises of the organization's internal strength and weaknesses and external opportunities and threats. Basically, this analysis is a conceptual framework for a systematic analysis that facilities matching the external threats and opportunities with the internal weakness and strengths of the organization. SWOT analysis gives an organization an insight of what they can do in future and how they can compete with their existing competitors. This tool is very important to identify the current position of the organization like bank relative to others, which are playing in the same field and also used in the strategic analysis of the organization.

Internal Factors	Internal Strengths (S)	Internal Weaknesses (W)
External Opportunities (O)	<b>SO Strategy:</b>  <b>Maxi - Maxi</b> Potentially the most successful strategy, utilizing the bank's strengths to take advantage of opportunities.	<b>WO Strategy:</b>  <b>Mini - Maxi</b> Development strategy to overcome weaknesses in order to take advantage of opportunities.
External Threats (T)	<b>ST Strategy:</b>  <b>Maxi - Mini</b> Use of strengths to cope with threats or to avoid threats.	<b>WT Strategy:</b>  <b>Mini - Mini</b> Retrenchment, insolvency etc.

Strengths
<ul style="list-style-type: none"> <li>▪ One of the oldest local banks in the country</li> <li>▪ The bank has a training institute to impart training to its fresh recruits and experienced ones as well</li> <li>▪ Provide competitive quality and wide range of services</li> <li>▪ Quality assets</li> <li>▪ SME service</li> <li>▪ Higher investment</li> <li>▪ Experienced employees</li> </ul>
Weakness
<ul style="list-style-type: none"> <li>▪ Lower number branches</li> <li>▪ Higher loan charges</li> <li>▪ Tight liquidity position</li> <li>▪ Absence of strong marketing activities</li> <li>▪ Less ATM Booths</li> <li>▪ Lower recovery position</li> </ul>

### Opportunities

- Bank can engage with worldwide remittance transfer network
- Planning to open number of SME / Agri Branches throughout the country
- Bank can lower interest bearing deposits to reduce the bank's cost of fund
- Scope to increase EPS
- Through proper supervision, bank will enable to secure its lending and ensure profit and service to the nation
- Try to collect huge amount of foreign exchange remittance
- Lower cost of fund

### Threats

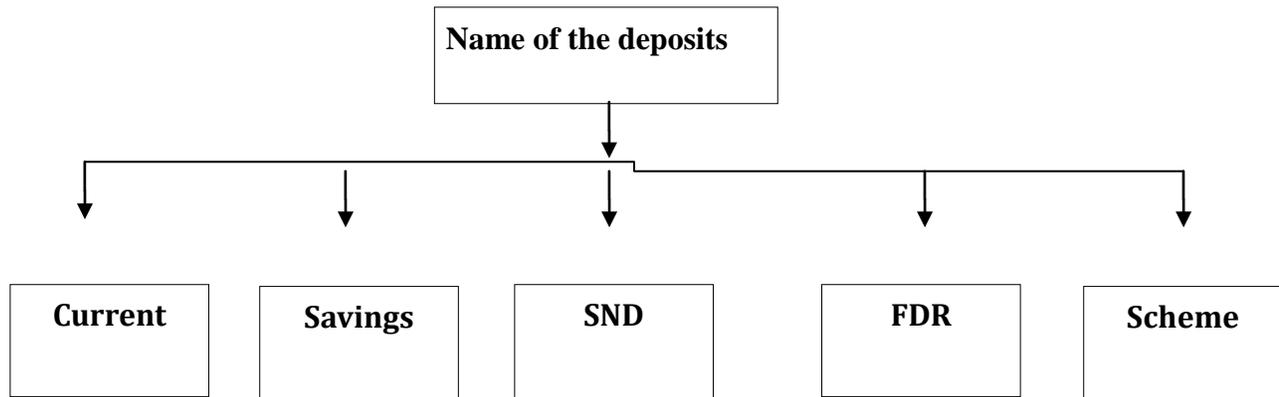
- Dividend is not paid for long period
- Most competitive market
- Product differentiate by the competitors
- Customers can switch to other banks
- Country's political environment may affect the earnings of the bank
- Loan default culture of the country
- Central Bank's strict regulations

## Chapter 03

# Deposit Analysis of MBL

### 3.1 Overview of Deposit Analysis of MBL

There are different types of deposit in MBL. But every deposit is different with other and the amount of deposit is also different with other deposit. In below the deposits are shown by the chart.



### 3.2 Deposit Product & Services are

#### Types of Deposit Accounts-

- Current Deposits
- Savings Bank Deposits
- Fixed Deposits (Term Deposit)
- Short Term Deposits
- Monthly Term Deposits

#### 3.3 Schemes offered by MBL

- Monthly Saving Scheme
- Monthly Benefit Deposit Scheme
- Quarterly Benefit t Deposit Scheme
- Time Benefit t Deposit Scheme
- Double Benefit Deposit Scheme
- Super Benefit Deposit Scheme
- Special Saving Scheme and Advance Benefit t Deposit Scheme

### 3.3.1 Monthly Savings Scheme

Monthly Saving Scheme is one of the most popular deposit products in different communities that introduced to attract small savers for building up their habit of savings and thereby build up a healthy capital base for the economy. The monthly installments are in various sizes and one can adopt the schemes for a period of 03 years, 05 years, 08 years or 10 years. Investor gets a lump sum (principal plus interest) at the maturity of the scheme. Installment amount should be deposited within the first 10 days of each month. In case of failure, 5% of monthly installment will be charged as late payment fee, which will be added with the installment amount.

Period	Monthly Installment									
	250	500	1,000	1,500	2,500	5,000	10000	15000	20000	25000
	Benefits									
3 Years	10,875	21,750	43,500	62,250	1,08,750	2,17,500	4,35,000	65,2,500	8,70,000	10,87,500
5 Years	20,625	41,250	82,500	1,23,750	2,06,250	4,12,500	8,25,000	12,37,500	16,50,000	20,62,500
8 Years	40,375	80,750	1,61,500	2,42,250	4,03,750	8,07,500	16,15,000	24,22,500	32,30,000	40,37,500
10 Years	57,500	1,15,000	2,30,000	3,45,000	5,75,000	11,50,000	23,00,000	34,50,000	46,00,000	57,50,000

### 3.3.2 Monthly Benefit Deposit Scheme

Under this scheme, depositor will get a certain sum of money in each month proportion to his/her deposit during the entire tenure. Benefit starts right from the first month of opening an account under this scheme and continues up to five years. On maturity, the principal amount is paid back. Objectives of this scheme are: help the retired persons for investing their retirement benefits, Create investment opportunities for Non-Resident Bangladeshi, etc. Minimum deposited amount is BDT 50,000 or its multiples and the tenure is five (05) years. This scheme is also known as “Family Maintenance Deposit Scheme (FMD)”.

### 3.3.3 Quarterly Benefit Deposit Scheme

The ‘Quarterly Benefit Deposit Scheme’ will be maintained for a period of 3 (three) years and the minimum amount of deposit is BDT 50,000.00 (fifty thousand) or its multiples. Interest will be paid on quarterly basis. Benefits start right from the first quarter of opening the scheme. On maturity principal amount will be paid back. Savings account is needed to maintain this scheme. Loan may be granted up to maximum 80% of the forced encashment value on the date of loan processing. During the period of continuation of loan, quarterly benefits will be credited only to loan account.

### 3.3.4 Time Benefit Deposit Scheme

Under this scheme, deposited amount reserved for 4.25 years (or 51 months) and the minimum amount of deposit is BDT 50,000.00 (fifty thousand) or it’s Multiples. After 4.25 years maturity, 1.5 times of the deposited amount will be paid back to the account holder. In case of premature encashment interest will be paid on Saving A/C Rate.

### 3.3.5 Double Benefit Deposit Scheme (DBDS)

The main attraction of DBDS is that, the deposited amount will be double in tenure of 6 (Six) years. Minimum deposited amount should be BDT 10,000 or its multiples. In case of premature encashment interest will be paid on Saving A/C Rate. Loan may be granted up to maximum 80% of the deposited amount, but minimum principle amount must be BDT 20,000.

### 3.3.6 Super Benefit Deposit Scheme (SBDS)

This scheme has been formulated with a view to gain an upper hand in the market in terms of Deposit collection. Features of this scheme are enumerated below:

Features and Terms of the scheme:

1. Minimum Deposit amount would be BDT 1, 00,000.00 or multiples thereof.
2. The tenor of the scheme would be one (1) year and renewable at mutually agreed rate.
3. Customer will not be entitled to any interest in case of pre-mature encashment i.e. all benefits given will be deducted from principal.
4. Benefits can be drawn monthly / quarterly / half yearly or at maturity.
5. Benefits will be transferred to the SB/CD or any other account where the benefit(s) will be transferred.

Scheme holder is entitled to benefit from the next month of account opening.

A separate prefix number (provided by our IT division) should be used for this scheme.

### 3.3.7 Special Saving Scheme (SSS)

For further strengthening of the deposit base of the Bank and meet the different nature of demand of the depositors MBL have developed new deposit product namely, “Special Savings Scheme (SSS)”. “Sopno noi bastob.....” is the central motto of this new product. After maturity (i.e. 10 years) Bank pays more than three (03) times of deposited amount to the customers. Under Special Saving Scheme, Deposited amount reserved for 10 years and the minimum amount of deposit is BDT 50,000.00 (fifty thousand) or its multiples. The effective Interest Rate offered to customers will be 12.25% as compounded yearly.

### 3.3.8 Advance Benefit Deposit Scheme

Under Advance Benefit Deposit Scheme, one can deposit a certain amount of money for two years. The depositor will receive the benefit on yearly basis. The benefit amount of first year will be received in advance at the time of deposit. On maturity, the depositor will get back the principal amount with the benefit amount of second year. That means Interest is paid in two phases, first phase paid initially and second phase paid after maturity. Loan may be granted up to maximum 70% of deposit. This is also known as “Agrim Munafa Amanat Prokolpo (AMAP)”.

## Chapter 04

# Formation of the Report

## 4.1 Background of the Report

The report is divided into several chapters. At first a chapter is dedicated to describe Mercantile Bank Limited's history and background. Although MBL is the youngest bank in the country, its achievements so far is significant. These achievements are described in short.

Next chapter contains a brief description of MBL's deposit portfolio. MBL provides both funded and non-funded deposit facilities. These are described in this chapter.

Due to its nature of business banks are exposed to several risks. These risks and what MBL does to mitigate these risks are the topic of next chapter. Some introductory talks on credit risk management are given in this chapter.

All commercial banks are strictly regulated by Bangladesh Bank. Bangladesh Bank has provided a guideline regarding deposit ratio management.

Following chapter is contains the core information of this report. This report describes in detail how MBL manages depository amount. Different steps and procedures are discussed in detail.

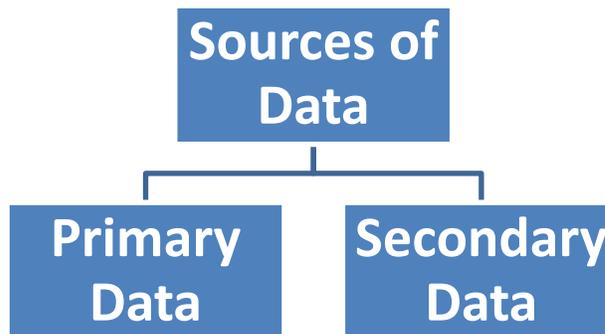
Following the global financial crisis regulatory bodies all over the world have decided to apply more stringent measures to mitigate deposits. All banks in the world are required to implement BASEL II accord.

## 4.2 Time period of the report

For the fulfillment of the desired purpose following working days are spend to various department:  
Mercantile Bank Ltd. Gulshan branch, Dhaka.

### 4.3.1 Sources of Data

Both primary and secondary data have been collected. I have gathered primary data by personal interview of the executives of MBL. Mainly I have discussed with them verbally. I collected information from them and annual report of MBL that was provided by the local branch. I used brochures, manuals and several books on Finance and Banking to prepare this report. 75% data collected from bank and articles, workshop and 25% are collected from the books. That is for preparing the report smoothly and accurately I used primary data and secondary data. Both primary and secondary data have been used in preparing this report. The details of the sources of data are as follows:



### 4.3.2 Data Collection

This Report is based on a theoretical knowledge and practical orientation. Different econometric analysis is also employed. In order to make the Report more meaningful and presentable, data and information will be collected from different primary and secondary sources.

#### Primary Sources

- Primary work exposure with Mercantile Bank Ltd.
- Face to face conversation/interview with the bank officials and Observations

#### Secondary Sources

- Annual report of Mercantile Bank Ltd.
- Web sites.

- Various brochures on the products and services offered by the MBL

## 4.4 Sample unit

The bank officials of different departments of Mercantile bank ltd. and their general clients, borrowers, and account holders are considered as the Sample unit for this research paper.

## 4.5 Sample Frame

The sample frame of this Report has been consisted of the bank employees, clients, account holders, and debtors of MBL the sample frame was derived from MBL gulshan branch. To obtain a probability sample, effort was concentrated for Stratified Random Sampling procedure for conducting questionnaire survey to general clients, borrowers, and account holders of MBL also Non-Probability Sampling procedure were applied to conduct the interview and survey of bank officials.

## 4.6 Sample Size

After preparing the sample frame, requests were made to the Manager In-charge of Mercantile Bank Ltd. Gulshan branch for seeking interviews to all bank personnel and clients of MBL. A total of 40 respondents have been conducted, where 13 bank officials of MBL. gulshan branch and 28 clients, account holders, and debtors of MBL were included.

## 4.7 Analysis of Data

For analysis of data Microsoft Excel has been used. To entry data coding option has been used at the initial stage. The measure of correlation, co-efficient, index numbers and regression analysis were applied. In addition, basic statistical techniques of different measures have been used in analyzing data.

## 4.8 Hypothesis Development

1. HA: MBL offers attractive deposit scheme compare to other banks.
2. HA: Customers are satisfied to deposit their money in MBL.
3. HA: MBL is providing sufficient deposit scheme to attract their customers.
4. HA: MBL will get more customers by updating their online deposit scheme
5. HA: By developing an effective deposit policy MBL will be able to attract more new customers.

## 4.9 Hypothesis Testing

With a view of fulfilling the objectives some relevant hypothesis have been formulated for this

Report:

Particulars	H1	H2	H3	H4	H5
1= Strongly disagree	0	2	2	5	9
2= Disagree	1	4	4	8	8
3= Neither agree nor disagree	2	4	5	8	8
4= Agree	18	21	18	12	9
5= Strongly agree	19	9	11	7	6
Total	175	151	152	128	115
Average	4.38	3.78	3.8	3.2	2.88
Standard Deviation	0.70	1.06	1.1	1.29	1.38
Z-test value	16.99	7.64	7.47	3.43	1.74

**Table-9:** Summary of the respondents towards hypothesis

1.  $H_0$ : MBL does not offers attractive deposit scheme compare to other banks.

$H_A$ : MBL offers attractive deposit scheme compare to other banks.

$$H_0: \mu = 2.5$$

$$H_A: \mu > 2.5$$

$$N=40$$

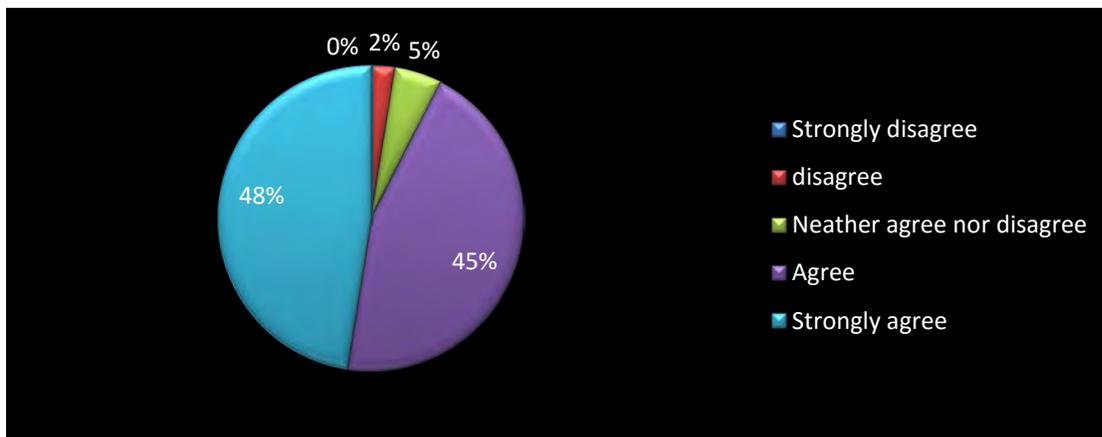
Here  $\bar{X} = 4.38$

$$\sigma = 0.70$$

$$Z_{cal} = (\bar{X} - \mu) / (\sigma / \sqrt{n}) = 16.99$$

At 5% level of significance follows Z distribution  $Z_{0.05} = 1.645$

Since  $Z_{cal} > Z_{tab}$ , the null hypothesis is not accepted. So at 5% level of significance, it can be said that - MBL offers attractive deposit scheme compare to other banks.



**Fig-3: Hypothesis No-1.**

Around 93% respondents had identified that MBL offers attractive deposit scheme compare to other banks.

2.  $H_0$ : Customers are not satisfied to deposit their money in MBL.

$H_A$ : Customers are satisfied to deposit their money in MBL.

$H_0$ :  $\mu = 2.5$

$H_A$ :  $\mu > 2.5$

$N=40$

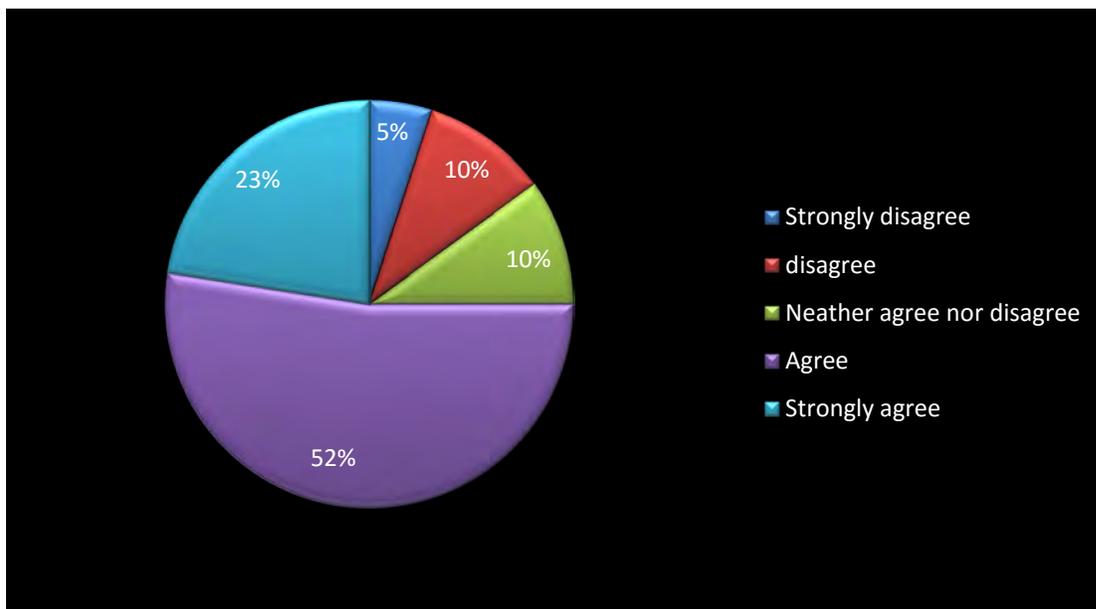
Here  $\bar{X} = 3.78$

$\sigma = 1.06$

$Z_{cal} = (\bar{X} - \mu) / (\sigma / \sqrt{n}) = 7.64$

At 5% level of significance follows Z distribution  $Z_{0.05} = 1.645$

Since  $Z_{cal} > Z_{tab}$ , the null hypothesis is not accepted. So at 5% level of significance, it can be said that- Customers are satisfied to deposit their money in MBL.



**Fig-4: Hypothesis No-2.**

Around 75% respondents had identified that Customers are satisfied to deposit their money in MBL.

3.  $H_0$ : MBL does not providing sufficient deposit scheme to attract their customers.

$H_A$ : MBL is providing sufficient deposit scheme to attract their customers.

$H_0$ :  $\mu = 2.5$

$H_A$ :  $\mu > 2.5$

$N=40$

Here  $\bar{X} = 3.8$

$\sigma = 1.1$

$Z_{cal} = (\bar{X} - \mu) / (\sigma / \sqrt{n}) = 7.47$

At 5% level of significance follows Z distribution  $Z_{0.05} = 1.645$

Since  $Z_{cal} > Z_{tab}$ , the null hypothesis is not accepted. So at 5% level of significance, it can be said that- MBL is providing sufficient deposit scheme to attract their customers

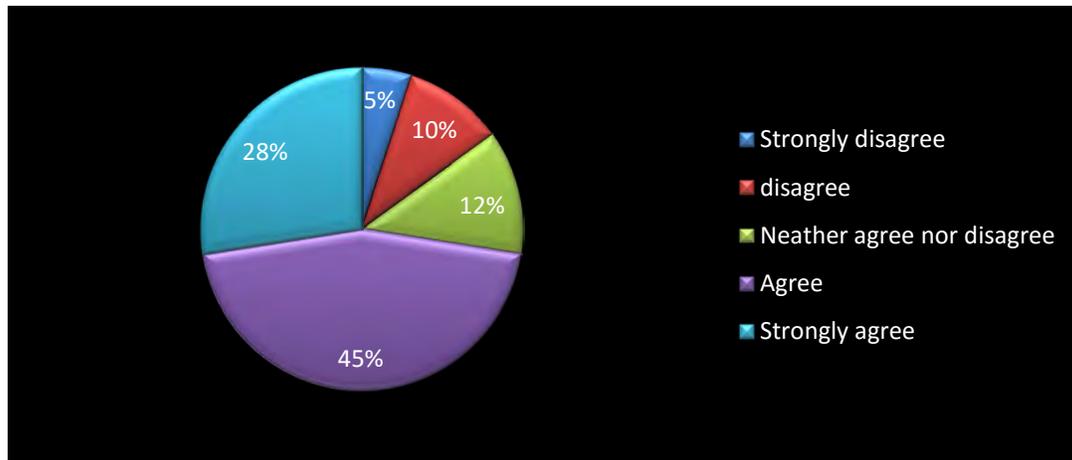


Fig-5: Hypothesis No-3.

Around 73% respondents had identified that MBL is providing sufficient deposit scheme to attract their customers.

4.  $H_0$ : MBL will not get more customers by updating their online deposit scheme

$H_A$ : MBL will get more customers by updating their online deposit scheme.

$H_0: \mu = 2.5$

$H_A: \mu > 2.5$

$N=40$

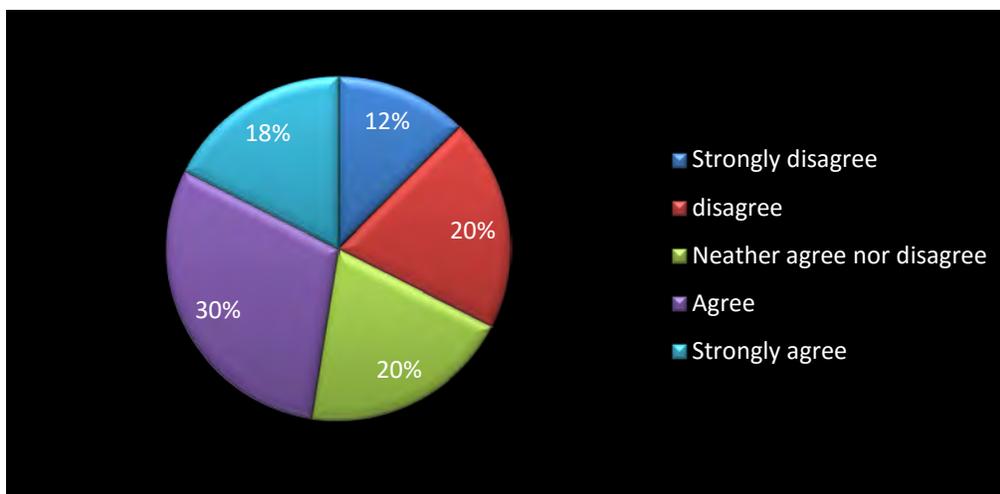
Here  $\bar{X} = 3.2$

$\sigma = 1.29$

$Z_{cal} = (\bar{X} - \mu) / (\sigma / \sqrt{n}) = 3.43$

At 5% level of significance follows Z distribution  $Z_{0.05} = 1.645$

Since  $Z_{cal} > Z_{tab}$ , the null hypothesis is not accepted. MBL will get more customers by updating their online deposit scheme



**Fig-6: Hypothesis No-4.**

Around 48% respondents had identified that MBL will get more customers by updating their online deposit scheme

5.  $H_0$ : By developing an effective deposit policy MBL will not be able to attract more new customers.

$H_A$ : By developing an effective deposit policy MBL will be able to attract more new customers.

$H_0: \mu = 2.5$

$H_A: \mu > 2.5$

$N=40$

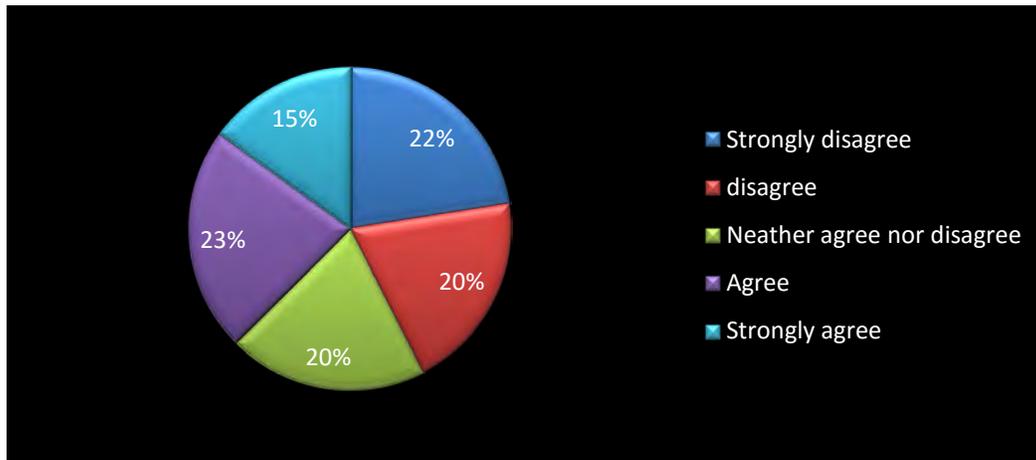
Here  $\bar{X} = 2.88$

$\sigma = 1.38$

$Z_{cal} = (\bar{X} - \mu) / (\sigma / \sqrt{n}) = 1.74$

At 5% level of significance follows Z distribution  $Z_{0.05} = 1.645$

Since  $Z_{cal} > Z_{tab}$ , the null hypothesis is not accepted. So at 5% level of significance, it can be said that-  
By developing an effective deposit policy MBL will be able to attract more new customers.



**Fig-7: Hypothesis No-5**

Around 38% respondents had identified that by developing an effective deposit policy MBL will be able to attract more new customers.

## Chapter 05

# Findings, Recommendations and Conclusion

## 5.1 Findings

MBL makes so much difference in the deposit in different securities rather than previous year to cope with market investment composition.

- MBL is in condition of lower profit margin throughout the last few years.
- MBL has more long term deposit than short term deposit, and due to competitive market MBL has to incur higher cost on their deposits.
- MBL has lack of manpower to serve the growing customer demand. So they not are being able to provide service to the customer in efficient manner.
- MBL don't have any effective training policy. Though it has a training institute but they are not using this institution properly.
- The clients are bound to submit a lot of documents to the bank to avail Consumer Credit. The Bank is overloading the clients by charging so much documents and papers which seems to the clients being harassed by the relevant officer.
- In a few case I have seen that the right person isn't placed in the right place.

## 5.2 Recommendations

- New investment schemes should be introduced to meet customer demands to stay ahead in competition and better satisfy customer requirements.
- Management should place right person in the right place.
- Accounting system of the Bank should be software base.
- Proper future forecasting is much more needed in case of credit or investment opportunities.
- The bank has to improve their deposit policy. The deposit of the bank should be more diversified.
- Large investment risk must be minimized and should be emphasis to its SME and consumer credit scheme so that recovery rate may increase and risk may decrease.
- The employee especially credit department are deal with different dimension of risk, so they have to properly trained.
- In order to successfully implement the strategy, the in-house capacity development is important. This is to be done through continuous training of the employees.
- Extend the business to existing clients through more product range and penetrate new markets through expansion of network in rural areas.
- The bank has to ensure adequate and timely loan loss provisions are made based on actual and expected losses.
- MBL should concentrate on Smoothing service and reducing time consumption. Therefore, MBL should recruit more employees at their branches.
- Ensure the use of latest technology in banking operation to meet up the customers demand.

## 5.3 Conclusion

The popularity of banks is increasing day by day which leads to increase competition as well. All the Commercial Banks are offering almost the same products and services and almost same their operation system. But the ways they provide the services are different from each other. So people choose their bank according to their satisfaction and need. And they will prefer the bank of which service is easily accessible and understandable. One the other hand, bank innovate new products and services to attract their desired customers. In short, MBL is such a Commercial Bank which is rendering all commercial banking services to the customers in addition to make available investment policies & SME finance to the millions of needy people of the country. They believe in developing strong interpersonal relationship with each other. As such, they are morally bound to provide high quality banking services with the latest technology to obtain optimum return on shareholder's equity ensuring safety of depositor's money and making all out efforts to introduce their innovative products to their existing and prospective customers. Banks always contribute towards the economic development of a country. MBL compared with other banks is contributing more by investing most of their funds in fruitful projects leading to increase in production in the field of Export and Import Business. It is obvious that the right thinking of this bank including establishing a successful network over the country and increasing resources, will be able to play a considerable role in the portfolio of development of financing in a developing country like ours.

## 6.4 Bibliography

- Annual Report of Mercantile bank ltd 2016
- [www.mblbd.com](http://www.mblbd.com)
- A journal Published by Bangladesh Bureau of Statistics (BBS) in 2016
- General Banking Manual, Bangladesh Bank

## Questionnaire (on Deposit practices)

Sir,

This is, Sarah Alam a student of **MBA** (Major in FINANCE) from BRAC University. I am conducting a report on topic, "Deposit Analysis of Mercantile Bank Limited." I need your valuable opinion. Let me assure you that all the information provided by you will be used only for academic purpose and kept under strict secrecy.

<b>Information of Interviewee:</b>					
Name: .....					
<b>Occupation</b>					
Banker	Customers				Others: .....
Contact Info: .....					

### Final Full Scale Questionnaire (on Deposit practices)

The following statements deal with Deposit analysis & performance of Mercantile Bank Ltd. Please circle (O) only one number that best reflects your opinion on the following five point scale:  
(1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree)

Deposit Analysis & Performance in MBL	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. MBL offers attractive deposit scheme compare to other banks.	1	2	3	4	5

<b>Deposit Analysis &amp; Performance in MBL</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
2. Customers are satisfied to deposit their money in MBL.	1	2	3	4	5
3. MBL is providing sufficient deposit scheme to attract their customers	1	2	3	4	5
4. MBL. Will get more customer by updating their online deposit scheme	1	2	3	4	5
5. By developing an effective marketing policy MBL will be able to attract more customers.	1	2	3	4	5
6. MBL current deposit account is one of the best transaction service	1	2	3	4	5
7. MBL provides a quick service in deposit scheme.	1	2	3	4	5

**Deposit Analysis & Performance in MBL**

**Strongly disagree**

**Disagree**

**Neutral**

**Agree**

**Strongly agree**

8. MBL should introduce new online deposit scheme.

1

2

3

4

5

Do you have any recommendation :

.....

.....

.....

Thank You

# Thank You