

Internship Report
On
Marketing of Bank Products
(National Credit & Commerce Bank Limited)



Report
On
Marketing of Bank Products
(National Credit & Commerce Bank Limited)

Submitted To

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Letter of Transmittal

Husain Salilul Akareem
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Subject: Submission of the Internship Report

Dear Sir,

It is a great pleasure for me to submit the internship report as a part of my BBA program to you that I am assigned to prepare under your direct supervision of the topic entitled “Marketing of Bank Products”. I am fortunate enough that I have got an experience and efficient professional team in the Bank. I have got an opportunity to work with them at different Departments to learn their “Marketing of Bank Products” effectively.

I tried my best to show my skill, which is achieved by 3 months, practical experience of this report. Finally I would like to assure that I will remain standby for any clarification and explanation when required.

Thank you in advance for your kind assistance. In enjoyed working on the report and hope you will consider all my mistakes generously.

Sincerely Yours,

.....

Md. Shariful Alam

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Acknowledgement

My acknowledgement begins with thanking my academic supervisor Mr. Husain Salilul Akareem, who has provided me suggestions for making this Final Internship Report and also provided me with format for making and preparing the whole report. I like to thank sir for his generous cooperation and regular supervision that made me really confident about the desired outcome of my internship project.

I would like to show my warm hearted gratitude to the whole Department of NCC Bank which has provided me with great deal of information's, adequate data and finally cooperated me for the accomplishment of the report successfully. I would like to thank each staffs of the different Department. I am especially grateful to Ms. Nasid Ahmed (Principle officer) for her invaluable support and direction that lead me to the successful completion of my internship report. I have done my whole internship period under her and really grateful to her for a big time for helping me in my each and every step of work at office.

After that I would like to thank Mr. Asif Ahmed (Loans and Advance Department), Mr. Mohammad Chowdhury Imran Khan (SME Department) & Mr. Anisur Rahman (Head of Credit) for their kind assistance regarding the report. Without them it would not possible for me to complete this difficult task. I got all necessary guidelines, cooperation and advice from them to complete this complicated task.

I am very much thankful to NCC Bank, its management specially the employees of the entire Department for their cordial support to prepare this difficult study with important information and data.

Executive Summary

NCC Bank Ltd. has acquired commendable reputation by providing sincere personalized service to its customers in a technology based environment since its inception. The Bank has set up a new standard in financing in the Industrial, Trade and Foreign exchange business. Its various deposit & credit products have also attracted the clients-both corporate and individuals who feel comfort in doing business with the Bank.

The bank could earn a modestly satisfactory result recent years, which contributed in continuing its steady growth in respect of all major indicators, namely Deposit, Advance and Profit, etc. During the year the bank has concentrated its focus to a number of income increasing sectors such as SME Financing, Inward Foreign Remittance, etc. The Bank has separate Credit Administration Department, Recovery Department and also a Task Force for continuous monitoring of difficult loans and advances of the Bank and to propose ways of recovery of Bank's dues.

This process will continue in next year's also. Over the last few years remittance business contributed remarkably in increasing fee based income of the Bank. In order to motivate and inspire the Bangladeshis residing abroad to send their hard earned money through legal Banking channel, the bank has taken a number of steps like making remittance arrangements with different money exchange companies all over the world, participating in fairs and meetings with remitters and exchange companies, etc. which brought result beyond expectation.

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Chapter-1

1.1 Origin of the Report

Bachelor of Business Administration (BBA) course requires 3 months attachment with an organization followed by a report assigned by the supervisor in the organization and endorsed by the faculty advisor. I took the opportunity to do my internship in National Credit and Commerce Bank Ltd (NCCBL). My topic of internship is authorized from the head office of NCC Bank Ltd. My faculty supervisor Mr. Husain Salilul Akareem, lecturer of BRAC Business School, BRAC University, also approved the topic and authorized me to prepare this report as part of the fulfillment of internship requirement.

1.2 Background of the Report

I have worked in various Department of NCC Bank Ltd, Gulshan Branch. In this report, I will try to make an overall analysis on all activities of NCC Bank Ltd. specially focuses on Marketing of Bank products.

1.3 Objective of the Report

The study has been undertaken with the following objectives:

- To analysis the pros and cons of the conventional ideas about Marketing of Bank Products.
- To have better orientation on Product management activities financing in various sector and recovery, loan classification method and practices of National Credit and Commerce Bank Ltd. (NCCBL).
- To get an overall idea about the performance of NCC Bank Ltd.
- To fulfill the requirement of the internship program under BBA program.

1.4 Scope of the study

Banks have been playing an important role in economic development and contributing immensely to build the country. Banking sector is fast expanding in our country because of globalization and reform of private sector. To survive as a key player in this highly competitive and complex business environment a bank should develop its business focusing the customer's satisfaction.

1.5 Methodology

The primary data had been collected in various ways. The different sources were:

- ⇒ Questionnaire survey.
- ⇒ Face to face conversations with the employees and opportunities were given by the management to work in relevant fields in NCC Bank.
- ⇒ By interviewing and interacting customers at NCC Bank Ltd. (Gulshan Branch).
- ⇒ Observing various organizational procedures.

i. Secondary data were collected

- ⇒ From prior research report
- ⇒ From any information regarding the Banking sector
- ⇒ From different books and periodicals related to the banking sector
- ⇒ From Newspapers and Internet.

ii. Data collecting instruments

In-depth interviews were conducted with various managers, employees of NCC Bank & customers of NCC Bank. A structured questionnaire was designed which has been considered as the major tool of preparing the report.

1.6 Limitation of the study

- ⇒ Large-scale research was not possible due to time constraints.
- ⇒ The research was conducted only within the customers of Gulshan Branch.
- ⇒ The survey was limited to the customers of Personal banking division and does not cover the organizational or corporate customers of NCC Bank due to the time constraints.
- ⇒ Relevant data and document collection were difficult due to the organization confidentiality.

Chapter-2

2.1 Background of NCC Bank Limited

National Credit and Commerce Bank Ltd. bears a unique history of its own. The organization started its journey in the financial sector of the country as an investment company back in 1985. The aim of the company was to mobilize resources from within and invest them in such way so as to develop country's Industrial and Trade Sector and playing a catalyst role in the formation of capital market as well. Its membership with the browse helped the company to a great extent in this regard. The company operated up to 1992 with 16 branches and thereafter with the permission of the Central Bank converted in to a fully fledged private commercial Bank in 1993 with paid up capital of Tk. 39.00 crore to serve the nation from a broader platform.

2.2 Introduction

Successful companies today are fully aware that they need to be able to rely on the services of a bank that can handle international trade with a good hand. Ever since its conversion into a full-fledged bank in 1993, NCC Bank has been an accomplished “Trade Finance” bank. With a highly professional team experienced and competent professionals we are able to provide a wide range of services to companies engaged in international trade.

NCC Bank has also positioned itself as an established Correspondent Bank. Through a worldwide network of 260 correspondent banks NCC Bank is present in all key areas of the globe. Our ambit of correspondents includes top ranking international banks with a global reach.

Since its inception NCC Bank Ltd. has acquired commendable reputation by providing sincere personalized service to its customers in a technology based environment. The Bank has set up a new standard in financing in the Industrial, Trade and Foreign exchange business. Its various deposit & credit products have also attracted the clients-both corporate and individuals who feel comfort in doing business with the Bank.

2.3 Vision of NCC Bank Limited-

To become the Bank of choice in serving the Nation as a progressive and Socially Responsible financial institution by bringing credit & commerce together for profit and sustainable growth.



Mission-

To mobilized financial resources from within and abroad to contribute to Agricultures, Industry & Socio-economic development of the country and to pay a catalytic role in the formation of capital market.



Objectives-

Be one of the best banks of Bangladesh. Achieve excellence in customer service next to none and superior to all competitors. Cater to all differentiated segments of Retail and Wholesale Customers. Be a high quality distributor of product and services. Use state-of-the art technology in all spheres of banking.

2.4 Slogan -

Where Credit & Commerce Integrates

Motto-

The Bank will be a confluence of the following three interests:

- i. Of the Bank: Profit Maximization and Sustained Growth.
- ii. Of the Customer : Maximum Benefit and Satisfaction.
- iii. Of the Society: Maximization of Welfare.

Values -

- ✓ Customer focus
- ✓ Integrity
- ✓ Team Work
- ✓ Respect for individual
- ✓ Quality
- ✓ Responsible citizenship

Hypothesis:

NCC Bank is providing both general banking and credit banking. So, they provide different types of products for its customers, general and credit banking system. My topic of this project is about NCC Bank's products they provide and the strategy they have to satisfy the customer which can help the bank to lead towards profit. So, my hypothesis for this project is following:

H0: NCC Bank's marketing strategies for its products are not satisfying its customers and have positive towards profit trends.

H1: NCC Bank's marketing strategies for its products are satisfying its customers and have negative towards profit trends

Nature of Business:

NCCBL is a progressive commercial bank in private sector in Bangladesh. It creates new opportunities for its clients. It gives customized services and maintains harmonious banker – client relationship. It contributes towards formation of national capital, growth of savings and investment in trade, commerce and industrial sectors. It provides different types of

commercial banking services to the customers of all strata in the society within the stipulation laid down in the bank companies Act. 1999, rules and regulations framed by the Bangladesh Bank from time to time.

Share:

On 30th December 1999 NCCBL issued 19, 50,000 ordinary shares of Tk. 100 each.

Total issue: (19,50,000 ordinary shares of Taka 100 each	Tk. 19,50,00,000.00
Out of which: Pre-IPO placement: (14,25,000 share @Tk. 100 each)	Tk. 14,25,00,000.00
Public Officer: (5,25,000 share @Tk. 100 each)	Tk. 5,25,00,000.00

Branches:

Branches are the terminals through which services offered by the Bank reach to the clients. Each branch is headed by a Head of Branch (HO) who in turn gets the assistance of the Manager Operation (MO) in dealing with several day to day activities of commercial banking. At present, the Bank has 68 branches.

Placement of branches is most important part of customer services. As banking business is based on customer services the place or distribution channel is a most significant here. A bank should design the distribution channel by analyzing customer’s needs. As for example, Head office or any bank should placed in an area from which other branches can easily obtain and send the information as well as transaction. On the other hand a branch needs to be opened in that area where business and sources are available. Keeping all these in mind the management has opened 59 branches throughout the important places of the country and many more branches are yet to be opened.

Board of Directors:

At present the Board of directors consists of 13 members including the Chairman and Vice Chairman of the Bank. Out of 26 members 13 of them are the sponsors of the shareholders. Most of the members are reputed industrialist and businesspersons of our country. The Chairman heads the Board. Each of the directors is the member of the Board. The members are obliged to maintain the annual general meeting and declare the dividend pay-out schedule on due time. Moreover, the committee selected by the shareholders represents individual body that then looks after the periodic issue with the management and tries to solve the problems.

The Board has appointed the management, which is responsible for the welfare of the banks directors. Some members of the Board have formed the Executive Committee, which organizes a meeting in every week to deal with the minor issues such as promotion of cadre change of a confirmed employee. Conversely at least one meeting of the Board is held in every month to deal with major issues such as modification of the existing policy or major policy reforms

2.5 Management Information System -

Since its journey as commercial Bank in 1985 NCC Bank Limited has been laying great emphasis on the use of improved technology. It has gone to online operation system since 2003. And the new Banking Software Flexible is under process of installation. As a result the bank will able to give the services of international standards.

2.6 Correspondent Relationship -

The Bank established correspondent relationships with a number of foreign banks, namely American Express Bank, Bank of Tokyo, Standard Chartered bank, Mashreq Bank, Hong Kong Shanghai Banking Corporation, CITI Bank NA-New York and AB Bank Ltd. The Bank is maintaining foreign exchange accounts in New York, Tokyo, Calcutta, and London. The bank has set up letter of credit on behalf of its valued customers using its correspondents as advising and reimbursing Banks. The Bank maintains a need based correspondent relationship policy, which is gradually expanding.

2.7 Departments of NCCBL:

If the jobs are not organized considering their interrelationship and are not allocated in a particular department it would be very difficult to control the system effectively. If the department is not fitted for the particular works there would be haphazard situation and the performance of a particular department would not be measured. NCC Bank Limited has does this work very well. Different departments of NCCBL are as follows:

- i. Human Resources Division
- ii. Personal banking Division
- iii. Treasury Division
- iv. Operations Division
- v. Computer and Information Technology Division
- vi. Credit Division
- vii. Finance & Accounts Division
- viii. Audit & Risk Management Division

Human Resources Management of NCCBL

NCC Bank Limited recognizes that a productive and motivated work force is a prerequisite to leadership with its customers, its shareholders and in the market it serves. NCC bank treats every employee with dignity and respect in a supportive environment of trust and openness where people of different backgrounds can reach their full potential.

The bank's human resources policy emphasize on providing job satisfaction, growth opportunities, and due recognition of superior performance. A good working environment reflects and promotes a high level of loyalty and commitment from the employees. Realizing this NCC Bank limited has placed the utmost importance on continuous development of its human resources, identify the strength and weakness of the employee to assess the individual training needs, they are sent for training for self-development. To orient, enhance the banking knowledge of the employees NCC Bank Training Institute (NCCBTI) organizes both in-house and external training. The remuneration is very competitive in comparison with industry average. Beside these the recruitment procedure is comprehensive.

Chapter-3

3.1 Our Customers:

Lord Dunedin said, “A person whose money has been accepted by the bank on the footing that the bank undertakes to honor cheques up to the amount standing to his credit, is a customer of the bank irrespective of whether his connection is long or short term standing”.

Also, “A customer is a person who has entered into a contract with the bank for opening an account on his/her name”.

We can classify customers into 3 broad categories:

- Deposit customers
- Borrowing Customers
- Deposit customers & Borrowing Customers

There is another group of customers who are called ‘Walk-in Customers’ who come to bank to take various banking services.

Customer satisfaction is the level of a person’s felt state resulting from comparing a product’s perceived performance or outcome in relation to the person’s expectations. We have to provide services to our customers in such a way that their expectations are satisfied in the best possible way.

3.2 Products and Services of NCC Bank Limited:

3.2.1) Lending Products-

1) Continuous Loan:

- Secured Over Draft Against Financial Obligation [SOD(FO)]
- Secured Over Draft Against Work Order/Real Estate etc.[SOD(G)]
- Cash Credit (Hypothecation)
- Export Cash Credit (ECC)

2) Term Loan:

- Project Loan
- Transport Loan
- House Building Loan

- Lease finance
- Loan under Syndication
- Small business loan
- Consumer Finance
- Personal loan

3) Demand Loan:

- Loan General
- Demand Loan Against Ship Breaking
- Payment Against Documents (PAD)
- Loan Against Imported Merchandise (LIM)
- Loan Against Trust Receipt (LTR)
- Forced Loan
- Packing Credit (PC)
- Secured Over Draft Against Cash Incentive
- Foreign Documentary Bills Purchased (FDBP)
- Local Documentary Bills Purchased (LDBP/IDBP)
- Foreign Bill Purchase (FBP)

4) SME Loans:

- Small Business Loan
- Consumer Finance Scheme
- Lease Finance
- Personal Loan
- House Repairing & Renovation loan
- Working Capital Loan
- Festival Business loan
- Festival Personal loan
- Car Loan Scheme

5) Agro Credit:

- Agro-based Industrial Credit
- Crop Loan

6) Special Credit Product:

- Credit card
- Earnest Money Financing Scheme
- NCC Bank Housing Loan Scheme
- Overseas Employment Loan Scheme

7) Loan Product for Wage Earners:

- Land Mortgage Loan
- Special House Building Loan
- Advance Against Remittance
- Wage Earners Rehabilitation Loan

3.2.2) Deposit Products:

- Current Deposits(CD)
- Short Term Deposit(STD)
- Savings Bank Deposit(SB)
- Fixed Deposit(FDR)
- Special Savings Scheme Deposit(SSS)
- Special Deposit Scheme(SDS)
- Premium Term Deposit(PTD)
- Wage Earners Welfare Deposit Pension Scheme(WEWDPS)
- Money Double Program Deposit (MDP).

3.2.3) Money Transmission Products:

- Payment Order / Security Deposit Receipt (SDR)
- Demand Draft
- Telegraphic Transfer
- Outstanding Bills for Collection (OBC)
- Travelers Cheque.

International Business Products:

- Letter of Credit (L/C).
- Back to Back Letter of Credit (BTB L/C)
- Buying and Selling of Foreign Exchange
- Foreign Demand Draft
- Foreign Telegraphic Transfer (FTT)

3.2.4) Special Fee Earning Products:

- Bank Guarantee (B/G)
- Foreign Bank Guarantee (F.B/G)
- Portfolio Management
- Issue Management
- Underwriting
- Brokerage House
- Locker Service
- Issuance of Sanchya Patra, Wage Earners Development Bond, National Investment Bond, Prize Bond etc.

Social Service Products:

- Sale of Lottery Tickets for collection of fund for social establishment.
- Collection of Zakat fund.
- Collection of Haj Depodit and so on.

3.3. Products and Services of NCC Bank Limited:

General Banking Department:

Introduction-

General banking creates a vital link between customers and bank. It's really a classic as crucial department for the bank. It is the introductory department of the bank to its customers. The NCCBL Gulshan branch has all the required sections of general banking. Every day it receives deposits from customers and meets their demands for cash by honoring instruments. General banking department is that department which is mostly exposed to the maximum number of bank customer.

Functions of General Banking Department:

- Account opening.
- Account closing.
- Cheque book issuing.
- Telephone receiving
- Account enquiry.
- Providing accounts statement
- Solvency certificate issuing
- Account transfer.

Account Opening:

A person is treated as a customer when he/she opens an account on that bank. Then it becomes a contractual banker customer relationship. The account opening section of NCCBL Gulshan branch is a very important section. This section takes care of all the relevant duties related to the opening of an account.

Account opening process:

Step-1	Receiving filled up application in bank's prescribed form mentioning what type of account is desired to be opened.
Step-2	<ol style="list-style-type: none">1. The form is filled up by the applicant himself/herself.2. Two copies of passport size photographs from individual are taken; in case of firms photographs of all partners are taken.3. Applicants must submit required documents.4. Applicant must sign specimen signature sheet and give mandate.5. Introducer's signature and account number-verified by legal officer.
Step-3	Authorized officer accepts the application.
Step-4	Minimum balance is deposited only cash is accepted.
Step-5	Account is opened and pay-in-slip book is given.
Step-6	A cheque book is issued based on the requisition slip or acknowledgement letter.

There are different types of account facilities provided by this branch. These are:

a) Current Deposit (CD):

Current deposit is an account where numerous transactions can be made by the account holder within the funds available in its credit. No interest is paid on these deposits. Current account is mainly suitable for businessmen though nobody is debarred from opening such an account for any purpose. For opening CD account the initial deposit that is to be of minimum Tk. 5000 in NCCBL and the introducer must be current account holder. Different types of current deposits are as follows:

- Individual current account
- Joint account
- Proprietorship account
- Partnership account
- Limited company account.

b) Saving Deposit (SD):

To encourage saving habit amongst the general public, banks allow depositors to open savings accounts. As the name indicates, these accounts are opened for the purpose of savings. Interest is awarded on the balance of the account. For opening a savings account minimum Tk. 500 is taken as deposit. NCCBL offers attractive rate of profits of its saving deposits.

c) Fixed Deposit Receipt (FDR) :

The bank receives deposits for a fixed period ranging from 1 month to 3 years and above. Although the minimum period, for which a sum is received as a fixed deposit, is one month there is no maximum time limit for opening fixed deposit account but bank generally does not accept deposits, say 10 years. Interest on fixed deposit varies from maturity period. For opening a fixed deposit minimum Tk. 50000 is taken as deposit. Duration of this deposit is 5 years.

d) Short Term Deposit (STD):

STD accounts are purely a time deposit account. The formalities for opening of this account are similar to those required for current account. The account runs like an ordinary current account with the exception that seven days notice is required to be given to the bank before each withdrawal interest is paid at prescribed rate. Generally Government, semi- Government, Autonomous Bodies etc maintain STD account. NCCBL offers attractive rate of profits to its shot-term deposits.

Remittance Department:

Bank has a wide network of branches all over the country and offers various types of remittance facilities to the public. They serve as best media for remittance of funds from one place to another. This service is available to both customers as well as non-customers of the bank. The followings are some of the important modes of transferring funds from one to another bank. These are:

1) Demand Drafts (DD) :

This is an instrument through which customers money is remitted to another person/firm / organization in out station (Outside the clearing house area) from a branch of one bank to an outstation branch of the same bank or to a branch of another bank (with prior arrangement between that bank with the issuing branch).

This is an order instrument in which the issuing branch gives instruction to the payee / drawer branch to pay certain amount of money to the order of certain person / firm / organization.

The payee or drawer branch on receipt of the message decodes the message and being fully satisfied, pays the amount by crediting the payee's account (if account is maintained with the payee branch). Telegraphic transfer may also be issued favoring the beneficiary who maintains account with other banks. In such case the payee branch issues pay order favoring the payee and hand over the P.O. to the concerned bank branch for effecting payment to the payee.

Procedures of Issuing DD:

- Obtain Demand draft application from duly filled in and signed by the purchaser / applicant.
- Receive the amount in case / transfer with prescribed commission and postage amount.
- Issue the DD duly filled in and signed by the authorized signatories.
- Insert test number (where applicable).
- Enter in the DD register.
- Issue credit advice to the issuing branch.

Procedure of Payment DD:

- a) Examine genuinely of the DD viz. Amount; verify signature, test, series etc.
- b) Enter in the DD payable register.
- c) Verify with the IBCA / test etc.
- d) Pass necessary vouchers.

2) Telephonic Transfer (TT) :

This is mode of transfer / remittance of customer's money from a branch of one bank to another branch of the same bank or to a branch of another bank (with prior arrangement between those banks with the TT issuing branch) through telephonic message. The issuing branch used to send the message of such remittance / transfer to the drawer / payee branch through telephone adding certain code number of test number on the basis of text key apparatus developed by the concerned bank for its different branches.

Characteristics of TT:

- a) Issued by one branch to other branch and message is tele communicated.
- b) Remittance / transfer of money is done through tested tele message.
- c) Remittance is affected on the basis of tested message.
- d) Test key apparatus is required.

Procedure of Issuing TT:

- a) Obtain TT application form duly filled in and signed by the purchaser / applicant with full account particulars of the beneficiary.
- b) Receive the amount in cash / transfer with prescribed commission, postage, telephone / telex etc. charge.
- c) Prepare TT message inserting test number (code number).
- d) Enter in TT issue register.
- e) Issue credit advice to the payee branch.

Procedure for payment TT:

- a) Note the TT message and verifying the test number and confirm if TT serial no

Etc. is ok.

- b) If ok, into TT payable register.
- c) Pass necessary vouchers for payment.

3) Payment order / pay order (PO):

This is an instrument issued by the branch of a bank for enabling the customer / purchaser to pay certain amount of money to the order of a certain person / form / organization / department office within the same clearing house area of the pay order issuing branch.

Procedure for Issuing Payment Order:

- a) Obtain PO application form duly filled in and signed by the purchaser / application.
- b) Receive the amount in cash / transfer with commission amount.
- c) Issue PO.
- d) Enter in PO register.

Procedure of payment of PO:

- a) Examine genuinely the pay order
- b) Enter into PO register and give contra entry
- c) Debit it fund ok for payment.

4) Mail Transfer (MT):

MT is an instrument issued by a remitting bank to the paying bank advising in writing to make payment of certain amount of the specific beneficiary.

Clearing Department

Cheque clearing section of NCCBL, j

Gulshan branch receive cheque, demand drafts and pay orders of their clients. Upon the receipt to the instrument the cheque clearing section examines:

- a) Whether the paying bank is outside Dhaka city.
- b) Whether the paying bank is from its own branch.

The Paying Bank of their own Branch:

The Cheque clearing section of NCCBL, Gulshan Branch sends outward bills for collection (OBC) to the concerned paying branch to get Inter Branch Credit Advice (IBCA) from 13th paying branch. If the paying branch dishonors the instrument, the paying branch returns it to the NCCBL, Gulshan Branch describing why the instrument is dishonored.

Types of Cheque Collected by Clearing Department:

- Transfer Cheque: Transfer cheques are those cheques, which are collected and paid by the same branch of NCCBL.
- Local bills collection cheques (LBC): Local bills collection cheques are those cheques, which are collected and paid by two different branches of a bank situated in the same city.

Outward Bills Collection Cheques (OBC):

OBC cheques are those cheques, which are collected and paid by two different branches of same of different bank situated in the outstation.

Clearing House:

Clearing House is an arrangement under which member banks agree to meet, through their representatives, at an appointed time and place to deliver instruments drawn on the other and in exchange, to receive instruments drawn on themselves. The net amount payable or receivable as the case may be, is settled through an account kept with the controlling bank.

Common procedure for all kinds of cheques etc:

- a) Receiving and scrutinizing the cheque and other deposit instruments, and the pay-in-slip at the counter.
- b) Affixing the stamps.
- c) Scrutiny and receipt by the authorized officer.
- d) Returning the counter-foil to the depositor.
- e) Separate the cheques into transfer, LBC and clearing cheques.

Types of Clearing:

- **Outward clearing:** Outward clearing means when a particular branch receives instruments drawn on the other bank within the clearing zone and those instruments for collection through the clearing arrangement is considered outward clearing for that particular branch.
- **Inward Clearing:** when a particular branch receives instruments, which on them and sent by other member bank for collection are treated as inward clearing.

3.4 SWOT Analysis OF NCCBL Ltd:

Every business organization is required to judge the performance from the aspects of its strength, weakness, opportunity and threat. The Strength, Weakness, Opportunity and Threat (SWOT) analysis of the Bank is as follows:

Strengths:

- NCCBL is a financially sound company.
- The Bank provides quality service to the clients compared to its other contemporary competitors.
- Experienced bankers and corporate personnel have formed the management of the Bank, which formulates business strategies.
- The Bank is also a member of SWIFT (Society for Worldwide Inter Bank Financial Telecommunication) Alliance Access which enables the Bank to exchange critical financial messages swiftly and cost effectively.
- The bank has earned customer loyalty as organizational loyalty.
- National Credit and Commerce Bank Limited has already achieved a goodwill among the clients that helps it to retain valuable clients.

Weaknesses:

- Delegation of authority is centralized which makes the employee to realize less responsibility. Thus the employee morale is deteriorated.

- The credit proposal evaluation process is lengthy. Therefore sometimes valuable clients are lost and Bank becomes unable to meet targets.
- No substantive use of Annual confidential Report to reward or to punish employees. Hence, the employees become inefficient.
- The portfolio of Bank is not that much diversified because it invests major portion of its fund on Government securities.
- The bank has no ATM booths.
- Compared to its competitors the bank does traditional activities.
- A remarkable portion of the total human resources is inefficient.
- The Bank does not have any research and development division.

Opportunities:

- The Bank can introduce more innovative and modern customer services to better survive in the competition.
- The bank has to launch ATM-card facility as early as possible to reach the target customer.
- They can also offer micro credit business for individual and small business.
- The bank can diversify its portfolio by introducing new sector.

Threats:

- The common attitude of Bangladeshi clients to default.
- Multinational banks with various attractive means of providing commercial banking services can take the Bank's lucrative clients away.
- Local competitors can also capture a huge market share by offering similar products and services provided by the Bank.

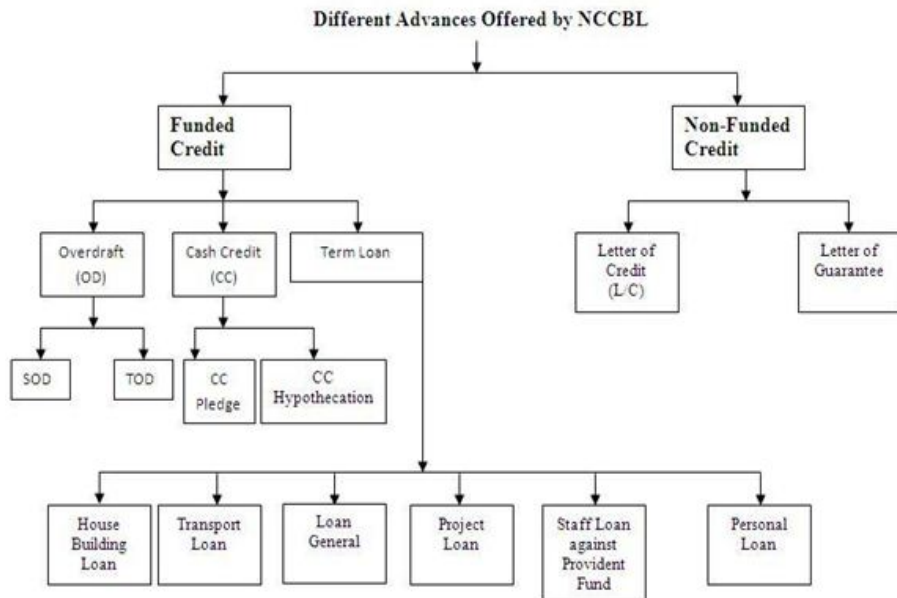
Chapter-4

4.1 Loans & Advance Department in General:

Introduction:

The main business of Bank is to settle loan & advance. Bank collects deposits of saving from one kind of people of society and invests these deposits as loan, subject to conditions, to other kind of people. Bank not sanction cash loan but also credit its good reputation, coincidence faith etc. To settle loan by the bank is called credit or loan and advance.

It can be mentioned that banks do business by savings or deposits collected from local people. So before settle loan the band must ensure about the security of the disbursed amount (loan) and he also ensures about the repayment of the loan.



Different Types of Credit Facilities:

All types of credit facilities can be broadly classified into two ways:

- Funded
- Non- Funded

Funded Credit:

A funded credit facility that a bank offers to a customer result in a actual disbursement of cash to the customer of to any designated supplier of the customer. In order to provide funded facility to a customer the bank has to incur real liability before hand, i.e. the bank has to

arrange for funds primarily through accepting deposits or otherwise. Funded facility affects the balance sheet of the bank both in terms of increase of liability and increase of assets. Types of Funded Credit are as follows:

1. Loans:

Loans may be a demand loan or time loan or term loan demand loan is payable on demand which is allowed for a short period to meet short- term working capital need. Time loan is payable within one year and term loan is allowed for one year to five years, usually for capital expenditure such as construction of factory building purchase of new machinery, modernization of plant etc.

Types of loans:

- Loan general
- House building loan
- Loan against trust receipt (LTR)
- Loan against imported merchandise.

2. Cash credit: Cash credit facility is allowed against pledge or hypothecation of goods. Under this arrangement the borrower can borrow any time within the agreed limit and can deposit money to adjust whenever he does have surplus can in hand.

Types of Cash Credit:

- Cash credit (Hypothecation)
- Cash credit (Pledge)
- Cash credit (export)

3. Overdraft: Overdraft is an arrangement between a banker and his customer by which the latter is allowed to withdraw over and above his credit balance in his current account. This is a temporary accommodation of fund to the client. Academically, Basic difference between cash credit and overdraft is that businessmen use cash credit for longer period on yearly renewal basis, while overdraft is allowed occasionally and for short-term duration.

Types of Overdraft:

- Secured overdraft (FD)
- Secured overdraft (RE)
- Temporary overdraft

4. Bill discounted and purchased:

Characteristics:

- In land bill purchase
- Foreign bill purchase
- Foreign documentary bill purchase
- Payment against document

Discount: Banks allow advance to the clients by discounting bill of exchange / promissory note, which matures after a fixed tenor. In this method, the bank calculates realizes the interest at a prefixed rate and credit the amount after deduction the interest from the amount of instrument.

Types of Loans and Advances Offered by NCCBL:

a. Loan General :

When an advance is made in lump sum repayable either in fixed monthly installments or in lump sum and no subsequent debit is ordinarily allowed except by way of interest, incidental charges etc. called a loan is allowed for a single purpose where the entire amount may be required at a time or in a number of installments within a period of short span. After disbursement of entire loan amount, there will be only repayment by the borrower.

This bank offers three terms loan:

1. Short-term loan: Usually, short-term loans are allowed up to 1 year.
2. Mid-term: These types of loans are allowed for up to 3 years.
3. Long-term: Generally, long-term loans are allowed for over 3 years.

b) House Building loan (HBL):

To solve the residential problem of our middle class people NCCBL take this scheme. Who is qualified to take this loan is depend upon the bank. Nevertheless, the borrower must have land on which the building is constructed. Period of loan is maximum 5 years. It depends upon customer banker relationship. Interest rate of this loan is 15.5% compounded monthly. Limit of the amount of the loan is depending on customer and banker relationship. But the value, location of the land etc. are important factors.

c) Loan against Trust Receipt (LTR):

This is a temporary loan, which is allowed to the customer against their application on the basis of, trusts and trusts only. It is call loan against trust receive. Validity of LTR will be allowed as

per sanction letter. However it may be allowed for 30/60/90/120 days. Adjustment of LTR may be made partially or fully. Interest rate to this loan is higher. Interest rate on LTR is charged on monthly basis. It is allowed against security. Monthly interest charge is 1505%.

d) Loan against Imported Merchandise (LIM):

The temporary loan, which is allowed to the imported against their imported goods, is called loan against imported merchandise (LIM). Validity of the LIM will allowed as per sanction letter. LIM is generally disbursed once. Interest rate of this loan is higher and it is charged on monthly basis. Control over the imported goods to be absolutely maintain by the bank. These loans are allowed against security.

e) Cash credit (Hypothecation):

Hypothecation is a charge on company for a debt, but neither ownership nor possession passes to the creditors. In hypothecation, both ownership and possession remain with debtor. The charge is created by the debtor to the lender on his execution of a document in the said document, the debtor hinds himself to give possession of the hypothecated stock to the lender, if the lender so requires.

As the goods remain in the possession of the borrower, banks grant hypothecation facility normally to first parties. It depends mainly upon the trustworthy of the part.

Advance is generally allowed against hypothecation of the following:

- Raw materials
- Stock-in-trade
- Finished products
- Book debt of the debtor.

f) Cash credit (Pledge):

Cash credit allowed against pledge of goods is known as CC (Pledge) limit. Pledge is bailment of goods or securities. The bailment must be by the debtor of intending debtor of intending debtor or his duly authorized attorney. The attention of the pledge of the pledge or and pledge is that the goods bailed will serve as security for a debt and performance of a promise. The goods must be in the possession of the pledge.

g) Secured over Draft (SOD):

The overdraft is a kind of advance always allowed on a current account operated upon by cheque. The customer may be made any number of limits at the convenience of the borrower,

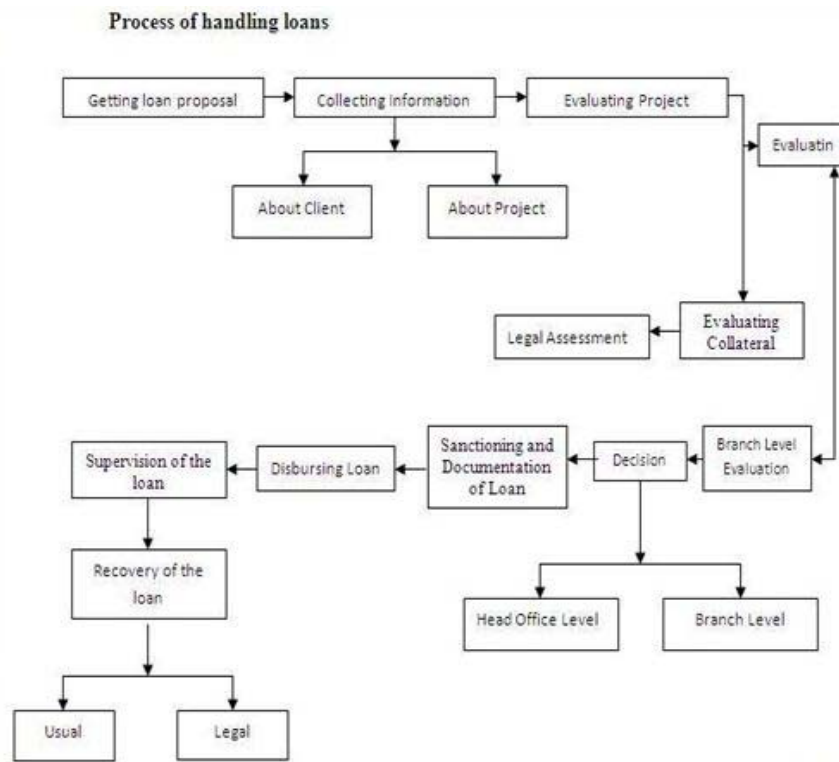
provided the total amount overdrawn does not, at any time exceed the agreed limit. Interest is calculated and charge only on the actual debit balances on daily product basis.

Secured overdrafts (SOD) are four types on the basis of securities:

- SOD against FD
- SOD against PSP
- SOD against scheme
- SOD general

h) Payment against Document (PAD):

When issuing bank gets the original shipping documents from Negotiation bank against a letter of credit (L/C), then issuing bank goes through the shipping documents for scrutiny. After scrutiny of the shipping documents, if the issuing bank finds the shipping documents in order, I.e. per L/C terms, then issuing bank open a loan account on account importer. This total process may be defined as payment against document (PAD)



Revolving Guarantee:

NCCBL also issues revolving guarantee. This guarantee issue register is maintained to record following information about guarantee:

- NCCBL Name of the customer
- Account No
- Guarantee No
- Issuing Date
- Commission
- Data expiry.

Loans and Advance (Credit) Management of NCCBL Details:**Overview:**

The objective of the credit management is to maximize the performing asset and the minimization of the non-performing asset as well as ensuring the optimal point of loan and advance and their efficient management. Credit management is a dynamic field where a certain standard of long-range planning is needed to allocate the fund in diverse field and to minimize the risk and maximizing the return on the invested fund. Continuous supervision, monitoring and follow-up are highly required for ensuring the timely repayment and minimizing the default. Actually the credit portfolio is not only constituted the bank's asset structure but also a vital factor of the bank's success. The overall success in credit management depends on the banks credit policy, portfolio of credit, monitoring, supervision and follow-up of the loan and advance. Therefore, while analyzing the credit management of NCCBL, it is required to analyze its credit policy, credit procedure and quality of credit portfolio.

4.2 Credit Policy of NCCBL:

One of the most important ways, a bank can make sure that its loan meet organizational and regulatory standards and they are profitable is to establish a loan policy. Such a policy gives loan management a specific guideline in making individual loans decisions and in shaping the bank's overall loan portfolio. In NCC Bank Limited there is perhaps a credit policy but there is no credit written policy.

Credit Principles:

In the feature, credit principles include the general guidelines of providing credit by branch manager or credit officer. In NCC Bank Limited they follow the following guideline while giving loan and advance to the client.

Credit advancement shall focus on the development and enhancement of customer relationship. All credit extension must comply with the requirements of Bank's Memorandum and Article of Association, Banking Company's Act, Bangladesh Bank's instructions, All credit extension must comply with the requirements of Bank's Memorandum and Article of Association, Banking Company's Act, Bangladesh Bank's instructions, Loans and advances shall normally be financed from customer's deposit and not out of temporary funds or borrowing from other banks. The bank shall provide suitable credit services for the markets in which it operates. It should be provided to those customers who can make best use of them. The conduct and administration of the loan portfolio should contribute with in defined capital. Interest rate of various lending categories will depend on the level of risk and types of security offered.

Global Credit Portfolio limit of NCCBL:

The features which deals with how much total deposits would be used as lending the proportion of long term lending, customer exposure, country exposure, proportion of unsecured facility etc. the most notable ones are:

The aggregate of all cash facility will not be more than the 80% of the customer's deposit
Long term loan must not exceed 20% of the total loan portfolio

Facilities are not allowed for a period of more than 5 (Five) years.

Credit facilities to any one customer group shall not normally exceed 15% of the capital fund or TK. 100 crores.

Types of Credit-

Credit may be classified with reference to elements of time, nature of financing and provision base.

The bank conducts their classification activities on quarterly basis-

It has been enclosed with 4 other forms.

- i. Continuous Loan (CL-2)
- ii. Demand Loan (CL-3)
- iii. Fixed Term Loan (CL-4)
- iv. Agricultural loan (CL-5)

Continuous loans: These are the advances having no fixed repayment schedule but have a date at which it is renewable on satisfactory performance of the clients. Continuous loan mainly includes "Cash credit both hypothecation and pledge" and "Overdraft".

Overdraft (OD):- It's a Continuous revolving Credit & the borrower may operate any number of times within sanctioned limit up to validity period of the limit.

Two Types of Overdraft:

- (a) Security over deposit – (SOD-Financial Obligation)
- (b) Secured over draft-(SOD-General)

Demand loan: In opening letter of credit (L/C), the clients have to provide the full L/C amount in foreign exchange to the bank. To purchase this foreign exchange, bank extends demand loan to the clients at stipulated margin. No specific repayment date is fixed. However, as soon as the L/C documents arrive, the bank requests the clients to adjust their loan and to retire the L/C documents. Demand loans mainly include "Payment against Documents," "Loan against imported merchandise (LIM)" and "Letter of Trust Receipt".

Fixed Term loans: These are the advances made by the bank with a fixed repayment schedule. Term loans mainly include "Consumer credit scheme", "Lease finance", "Hire purchase", and "Staff loan". The term loans are defined as follows:

- Short term loan: Up to 12 months.
- Medium term loan: More than 12 months & up to 36 months

Agricultural loan: In Long term loan: More than 36 months. In case of loan the banker advances a lump sum for a certain period at an agreed rate of interest. The entire amount is paid on an occasion either in cash or by crediting in his current account, which he can draw at any time. The interest is charged for the full amount sanctioned whether he withdraws the money from his

account or not. The loan may be repaid in installments or at expiry of a certain period. Loan may be demand loan or a term loan.

Interest Rate: 12%-15% per annum (Quarterly paid).

4.3 Loan Classification:

As per BRPD (Banking Regulation Policy Department) circular for Loan Classification:

Types of Loan	SMA	SS	DF	BL
Continuous Loan CC (H), SOD (G)	2 months	3-5	6-8	>=9
Demand Loan PC, PAD,LTR,LIM,FDBP	2	3-5	6-8	>=9
Fixed Term Loan(>10 lacs)	2(no of installments)	3-5	6-8	>=9
Fixed Term Loan (< 10 lacs)	3-5	6-8	9-11	>=12
Agricultural Loan				

Key Statistics for NCC Bank Ltd-

- Authorized Capital 1000.00 Crore
- Paid Up capital 450.12 Crore
- Reserve & Others fund 587.68 Crore
- Total Assets 8355.55 Crore
- Fixed Assets 119.15 Crore
- Deposit 6796.12 Crore
- Advance/Credit 6323.01 Crore
- Classified Loans & Advances 142.53 corer

- Percentage of Loans & Advance 2.27%.
- Under the SME wing the bank has so far disbursed a handsome amount of Tk.250 corer.

A. Loan Provisioning:

- i. Unclassified Loans 1% SME-0.25%
- ii. Unclassified amount of SME 1%
- iii. Consumer Financing 5% (but 2% on Housing Loan & PLS)
- iv. SMA Accounts 5%

B. Classified Accounts:

- i. Sub standard (SS) 20%
- ii. Doubtful (DF) 50%
- iii. Bad & Loss(BL) 100%

Base for provision:

Outstanding-Value of Eligible Securities-Interest Suspense or
15% of outstanding amount which is ever higher

Eligible securities:

Eligible securities in determining base for provision:

- 100% of deposit under lien against the loan
- 100% of the value of Government bond.
- 100% of the value of the guarantee given by Govt. of Bangladesh.
- 100% of the market value of gold
- 50% of the market value of easily marketable commodities kept under control of the bank.
- Maximum of the 50% of the market value of land and building mortgaged with the bank.
- 50% of the average market value for last six months.
- Bank rate – 5%

4.4 Credit Risk Grading (CRG) is the basic module for developing a Credit Risk Management system.

Credit Risk Grading is an important tool for credit risk management as it helps the banks and financial institutions to understand various dimension of risk involved in different credit transaction.

CRG scale consists of 8 categories with short name and Numbers are provided as follows:

GRADING	SHORT NAME	NUMBER	Score
Superior	SUP	1	* 100 cash covered *Govt. guarantee * Int. Bank guarantee
Good	GD	2	85+
Acceptable	ACCPT	3	75-84
Marginal/Watch list	MG/WL	4	65-74
Special Mention	SMA	5	55-64
Sub Standard	SS	6	45-54
Doubtful	DF	7	35-44
Bad & Loss	BL	8	Less than 35

Credit Ratification Authority of NCCBL:

Credit decisions are heart of all credit works. Generally branch manager and the credit in-charge of a branch are held responsible for appraising of a loan proposal. The customer request for credit limit and the credit officer prepares a credit memo and send it to the head office, credit division. After taking all the relevant information from the branch the head office credit division sent the credit memo to the credit committee. Credit committee of NCCBL is comprised of Managing Director and other top-level executives, that is, DMDs and EVPs. If credit committee is convinced about the merit of the proposal then it is sent the broad of directors. The board is final authority to approve or decline a proposal. The whole process takes a month or more. In NCCBL broad meeting occurs once in every week.

4.5 Credit Evaluation Principles-

Some principles or standards of lending are maintained in approving loans in order to keep credit risk to a minimum level as well as for successful banking business. The main principles of lending are given below:

Liquidity:

Liquidity means the availability of bank funds on short notice. The liquidity of an advance means its repayment on demand on due date or after a short notice. Therefore, the banks must have to maintain sufficient liquidity to repay its depositors and trade off between the liquidity and profitability is must.

Safety:

Safety means the assurance of repayment of distributed loans. Bank is in business to make money but safety should never be sacrificed for profitability, To ensure the safety of loan. The borrower should be chosen carefully. He should be a person of good character & capacity as well as bank must have to maintain eligible number of security from borrower.

Profitability:

Banking is a business aiming at earning a good profit. The difference between the interest received on advances and the interest paid on deposit constitutes a major portion of the bank income, Besides, foreign exchange business is also highly remunerative. The bank will not enter into a transaction unless a fair return from it is assured

Intent:

Banks sanction loans for productive purpose. No advances will be made by bank for unproductive purposes though the borrower may be free from all risks.

Security:

The security offered for an advance is an insurance to fall bank upon in cases of need. Security serves as a safety value for an unexpected emergency. Since risk factors are involved, security coverage has to be taken before a lending.

Pre-disbursement Compliance-

When the credit proposal are approved the credit officer must have to be ensured that the disbursement of the credit facilities must comply with the directions written in the credit policy

and circular made by time to time along with checking all the following terms and conditions.

4.6 Documentation of the Loan-

Documentation is obtaining such agreement where all the terms and condition and securities are written and signed by the borrower. It specifies rights and liabilities of both the banker and the borrower. In documentation each type of advances requires a different set of documents. It also differs with the nature of securities. The documents should be stamped according to the stamp Act. There are no hard and fast rules of documentation and it varies from bank to bank. Generally, the documents are taken in the case of a secured advance by NCCBL:

- i. Demand Promissory Note.
- ii. Letter of Disbursement
- iii. Letter of Arrangement.
- iv. Letter of Revival
- v. Letter of Continuity
- vi. Letter of Guarantee (1st party & 3rd party)
- vii. Letter of Declaration
- viii. Trust Receipt

There are four parties to a guarantee namely:

- i. The Beneficiary/Creditor (The employer/buyer/importer)
- ii. The Principal (The applicant/supplier/exporter)
- iii. The Guarantor (The Issuing Bank)
- iv. The Instructing Party

Types of Guarantee:

- a) Bid-Bond/Tender Guarantee
- b) Performance Guarantee
- c) Advance Payment Guarantee
- d) The Retention and Maintenance Guarantee.

4.7 Different Types of Charging Securities:

- a) **Hypothecation:** Hypothecation is a mode of charge against the assets for example Machinery, raw materials, work in process, finished goods, stock in trade etc. for payment of a debt. Assets remain under possession of the loaner but ownership remains with banker.
- b) **Pledge:** Pledge is a mode of charge against the assets like a portion of raw materials, finished goods, stocks trade etc. for payment of a debt. Assets remain under absolute possession of the bank.
- c) **Lien:** Lien is a mode of charge against the assets such as cash, quasi cash, and documents title to goods/bills till the debt is fully adjusted/ liquidated.
- d) **Negative Lien:** In case of negative Lien, the banker has not obtained possession of any of these assets of the borrower. It is simply a declaration of the borrower.
- e) **Assignment:** Assign means transferring of ownership from one party to another by signing a document.
- f) **Set-off:** Right of a creditor to adjust the liability in debtor's account with any credit balance lying in his name.

Characteristics of good Loan Security:-

- ✓ Durability.
- ✓ Marketability.
- ✓ Stability of Value.
- ✓ Demand.
- ✓ Transferability.

Elements of Mortgage:

- Mortgagor (Borrower/Loaner)
- Mortgagee (Bank/ lender)
- Mortgage Money (Loans, Advances)
- Mortgage Property Schedule and Deed

Types of Mortgage:

Section 58 of the transfer of property act 1882:

- Simple Mortgage
- Mortgage by conditional sale
- Usufructuary Mortgage
- English Mortgage and many more.

Essential of Mortgage:

According to section 59, Except Mortgage by depositor title deed can be effected only by

- Registered Instruments
- Signature
- Attestation

Major Classification of Loan & Advance:

Funded Credit and Non-Funded Credit:

Funded Credit	Non-Funded Credit (Based with Document)
All kinds of Loan	All kinds of Letter of Credit(L/C):- Import L/C, Back to Back L/C-Inland/Foreign, Purchase & Discounting-Local/Foreign, PC, PAD,LTR, LIM etc.
All kinds of CC-(Hypo, pledge, Export) OD, Term Loan & Others Loan.	All kinds of Bank Guarantee(B/G):- Bid Bond, Performance Guarantee, Advance Payment Guarantee, Stand by Letter of Credit, etc.

Chapter-5

5. Described on a specific lone Scheme of NCC Bank Ltd:

Key Statistics of Housing Loan Scheme-

- Total Sanction Amount: 190.39 crore
- Total Disbursed Amount: 180 crore
- Total Outstanding amt: 112.26
- Total No of clients: 1007
- No of Default Account: 155
- No of Default Amount: 14.85 crore
- Rate of interest: 13%
- BBRS: 43.00 lac,

Rate of Interest: 9%

5.1 Criteria of Housing Loan under Bangladesh Bank Refinance Scheme:

- **Purpose:**
 - Residential Purpose, Flat/Apartment/Houses/Building. Extension of Building.
 - In case of ready house, age of the building not exceed 10 years
 - Within City corporation / pourashava
 - No financing will be allowed on vacant land
 - No financing will be allowed under lump sum construction
- **Target Clients:**
 - Confirmed service holders-Govt/ private/Bank/Financial Institution with minimum 3 yrs of service and sufficient salary to repay.
 - Professionals having stable source of income with min 3 yrs experience with minimum income of Tk.50,000/- per month
- **Age Limit:**
 - Repayment period will not generally exceed the age of 60 years for service holder, 65 years for businessman/ professionals
 - Minimum age limit 21 years
- **Designated Branch:**

- Gulshan, Dhanmondi, Mirpur, Uttara
- **Maximum size of the loan:**
 - Tk. 5.00lac to 75.00 lac to be approved by the Managing Director
 - Above Tk.75.00 lac to 100.00 lac to be approved by the board of directors.
- **Debt-Equity Ratio:**
 - For purchase of flats/houses maximum 70:30 for all cases.
 - For self construction maximum 80.:20
 - In past 75:25 for tk 20.00 lac, 70:30 for above Tk 20.00
 - For self construction 90:10
- **Repayment period:**
 - Minimum 5 years and maximum 15 years including grace period.
- **Grace period:**
 - Maximum 6 months for purchase of flats/houses
 - Maximum 12 months for self construction on own land
- **Interest and Other charges:**
 - Interest 13% with quarterly rest sub to change with market situation
 - Processing fee 1% of loan amount + 15% VAT
 - Documentation charge @ 1%of loan amount to be realized on acceptance.
 - 2% rebate at the time of final adjustment subject to unbroken repayment record
- **Partial and early prepayment charge:**
 - 1% of adjustment amount + 15% VAT
 - Minimum prepayment -30% of the outstanding amount
 - Insurance premium against Fire & Earthquake at the option of the borrower
- **Loan Transfer/ Takeover fee:**
 - 2% of the outstanding loan +15% VAT
 - 1% of the outstanding loan +15% VAT subject to approval of the management

- **Security:**

- Registered mortgage of the land & building/flats with proportionate land parking.
- Personal guarantee of the person(s) acceptable to the Bank.

5.2 Require Documents of Housing Loan under BB Refinance Scheme

- ❖ 2 copies of Passport size photograph;
- ❖ Positive ID;(Photocopy of passport, National ID card, Voter Id card)
- ❖ Bio Data (showing all educational and service background)
- ❖ Salary Certificate (showing all allowances & Deduction);
- ❖ Copy of Income Tax Assessment Order and Tax payment challans from the Income Tax authority;
- ❖ Bank Account Statement for last 12 months;
- ❖ Self declaration regarding ‘no Apartment/House in the specified areas at (i) Dhaka, Chittagong, Rajshahi, Khulna, Sylhet and Barisal City Corporation; and (ii) Tongi, Gazipur, Narayanganj and Savar Poursava’.
- ❖ Self declaration regarding ‘not availed any Housing Loan from any Bank / Financial institution’.
- ❖ Declaration from the respective organization that they don’t have any objection to take this loan and the borrower doesn’t have any loan that organization.

5.3 Credit policy and Future Planning

Encourage Sectors:

- Non funding finance-fees, commission
- Import finance
- Export Finance
- Jute Sector Finance
- SME Finance
- Agricultural and agro based ventures
- Green energy /ETF/IT/BLI: Effluent Technology Plant (ETP), Backward Linkage Ind.
- Service Sector:
 - Telecommunication,
 - Health Care,
 - Hospital Equipment,

- Pharmaceuticals Rental Power Generator
- NBF
- Hospitality, Tourism & Traveling Industry:
 - Capital market Financing
 - Ship Building
 - Retail Banking

Sector under Selective Basis:

- Textile
- Real Estate & Civil Constructions
- Cargo & Road Transport
- Work order Financing
- Industrial Long-term finance
- Private Public Partnership (PPP)

Sector under watch list:

- CNG Filling Station
- RMG: Readymade garments
- Scrap Ship/Ship Breaking
- Environment Polluting Industry

Marketing Mixed of NCC Bank Ltd.

Fixed Deposit:

Fixed deposit account may be opened in the names of two or more persons and even in names of minors jointly with guardians. No introductory reference is required furnished for opening fixed deposit account. NCCB offers attractive following rates of profits to its fixed deposits. **Special Deposit Scheme**

Any individual person, businessman, firm, limited companies, local bodies, corporation, corporate bodies etc. can open a Special Deposit Scheme A/c with NCC Bank Limited. Special Deposit Scheme A/c is a term deposit of 3 (Three) years and interest is payable on monthly basis. Special Deposit Scheme is 100% term deposit and account holder can withdraw his/their deposits (Principle amount) after expiry of maturity of deposit.

Place:

NCC Bank has one Head Office and 59 branches under its control. For remaining of sufficient branches NCC bank can give some special customer services to the customer as for examples:-

- Remittance facilities can be provided to the customer very cheaply because, inter office indebtedness can be more easily adjusted.
- Clearing of cheques is comparatively easy since cheques deposited at a branch in the city where there is a clearing house and can be cleared in the customary way.
- By the difference branch NCC Bank can serve the customer services more efficiently.
- For Branch banking NCC Bank increases the mobility of capital which brings uniformity of interest rates.
- NCC Bank can create handsome deposits from customers by branch banking.

There are some problems raised for the place decision of NCC Bank Ltd. They are,

- If any one branch of NCC Bank failed to achieve customer satisfaction then the effect spared all over the branches.
- For any kind of critical banking decision the branch manager has to get permission of Head Office & it is lengthily process. And which brings totally ignorant of customers.

- If a branch operates his banking in that area where traffic jam is higher than most of people hesitate to continue their all sorts banking. NCC Bank, Jatrabari Branch is also facing the same situation.
- NCC Bank should analysis their strategy when are likely to be opened new branches in Bangladesh for which they have not followed this strategy for port city Khulna. They should increase their branch in Khulna.

Promotion:

Modern Marketing calls for more than just developing a good product. Pricing it attractively and making it available to target customer. Companies also must communicate with their customers and what they communicate should not be left to chance.

This theory is also applicable for banking business. To communicate well bank often hire advertising agencies to develop effective advertisement, give appointment to active experienced officers and executives, gives on-line services to the big businessmen or organization, create a private relationship with clients.

The marketing communication program of a company or a banking business is called “Promotion mix”-consist of specific blend of advertising, personal selling, sales promotion and public relation tools that the bank uses pursue its marketing objects.

Definition of the four major promotion tools as follows:

- **Advertising:** Any paid form of non- personal presentation and promotion of ideas, goods or services by an identified sponsor.
- **Personal Selling:** Oral presentation in a conversation with one or more prospective purchase for the purpose of marketing sales of services.
- **Sales Promotion:** Short-term incentive to encourage the purchase or sales or a products or services is called sales promotion.
- **Public Relation:** Building good relation with the organization’s various public by obtaining favorable publicity, building up a good “corporate image”, and handling or heading off unfavorable reamers, stories and events.

The following tools are used with NCC Bank Ltd. are given:-

Advertising:

Advertising is one of the most important tools of promotion. The NCC Bank Ltd. is to arrange to publicity or to draw attention of businessmen to various media regarding their product or service. On the other hand the Bank is always to the door of their clients if any new service is arranged. In connection with this they distribute their prospectus to the clients. At the end of 1999 NCC Bank Ltd. issue their shares to the market. NCC Bank Ltd. issued/offered share of Tk. 19,50,00,000 out of which public offer is Tk. 5,25,000 shares @Tk. 100 each. NCC Bank Ltd. tries to draw the attention of general public and businessmen regarding their shares, which has been already issued, in the market through “The Daily Prothom Alo” and “The Daily Financial Express”.

In the meantime they market public of their best services as to prospectus with the newspaper by each month and they distribute it to service holder and clients. Even though it is very important for any bank to make introduce them in the market of their products and services as needed but NCC Bank is not achieved this capability as yet. But it goes without as that an established bank can lose his name and fame with their clients as well as deposits due to proper and effective advertisement which can activate the clients to lessen their deposits. We can say here as for example “The American Express Bank Ltd.” Standard Chartered Bank is not only in Bangladesh they are always ahead than others all over the world implementing the advertisement if needed. They at least make sure their clients about services in each week through add by newspapers as well as any reputed magazines. I think NCC Bank should follow this strategy of Standard Chartered Bank Ltd. NCC Bank can make introduce them to the public by banner in the busiest area and can hang signboard on the road as public can recall their business thinking first.

Meanwhile NCC Bank Ltd. published well calendar, pocket calendar, and desk calendar as well as diary every starting year what they distribute to the clients and to the service holders.

As matter of fact we already became to introduce ourselves with the different cable channels and Internet in which NCC Bank Ltd. may give there add with effectively. On the long run it is to say that without add or publicity any product or service would be boneless since how a client can introduce himself with this service. So NCC Bank Ltd. should consider this case. And all should accept the strategy of perfect advertising.

Personal Selling:

The business of any bank, which is to be reached to the client's knowledge and to trying have motivate to purchase their services, is called Personal selling. This is why it is most important to take training of officers and executives of Bank specially.

I have completed my internship for two months with NCC Bank Ltd., Jatrabari Branch, Dhaka as it is integral part of my under graduation. I found all executives and officers well conscious about their personal selling. They help to the new and old both clients to choose the option of new service and motivate them to continue and start purchasing their services. NCC Bank Ltd. always accelerates their activities to the customer's existing with them and assists to get prompt services. By this way they try to expand their name and fame in the market.

Sales Promotion:

According to banking business, short-term incentive to encourage the sales of services or products of Bank is called sales promotion.

They sometime reduce the interest of loan and enhance the interest of deposit as client may remain with them.

Public Relation:

Public relation means building a good relation with other bank and with various publics by obtaining favorable publicity, building up a good corporate image and handling unfavorable reamers, stories and events.

A Bank can participate in any domestic or international fair and jointly with other bank they can participate in the workshop to produce their goodwill. On the other hand they can sponsor any domestic or International popular games like cricket, football etc. But NCC Bank till today didn't do this.

Sponsorship:

NCCBL considers sponsorship concept as one of their major tools for marketing. The bank has already sponsored many social welfare programs to show its interest on corporate social responsibility. Beside this the bank has also helped to build up many beautiful monuments at Dhaka city like the one at Science laboratory.

Chapter-6

6.1 Findings:

After go through the whole report, we come up with some finding. Some of the tasks which NCC Bank does are very much traditional. Today's' modern banking system has been changed than the before. If we compare them with other local banks like City bank, Eastern Bank, BRAC Bank, Prime bank we came to know about this. With the modern computerized system they make their works easier than the NCC Bank. NCC Bank follow the same old process to save their data and they do their whole operation manually where other banks are doing with their computer. Some findings are given below.

They save their all kinds of data in papers

- ⇒ They find the interest suspense account through their computer but manually they check those out
- ⇒ Sometimes very simple work is done by the head office which takes time and make difficult
- ⇒ Sometimes verification is done by a new officer which dangerous both for the bank and the branch office.

6.2 Suggested new loan products for NCCBL:

Introduction:

Financial institutions are playing a great role for industrial development of Bangladesh. More industrialization means increase of employment opportunity and increase of buying power of individuals. For that reason regulatory authority always encourages the banks for industrial loan in liberal format. On the other hand, textile sector is the key player for earning foreign remittance for the country. But in this sector most of the basic ingredients are imported, which are draining foreign currencies. So, considering this back ward linkage industries for the textile sector is very much important. Modern banking system offers various types of industrial loans in different format.

That is why we are proposing a loan scheme especially for textile back ward linkage industries which will help the small and medium entrepreneurs.

Methodology:

- I. Bank will make a comparative study on the applicant about its financial condition, potentiality, growth probability and risk factors.
- II. Bank will give advances to the potential parties against the L/C or work order.
- III. However, Bank will consider the rate of interest on the advances in a soft manner.

Target Group:

The main target group of this advance scheme is small and medium enterprises which have existing capital not more than one crore. This facility mainly targets the industries that produce textile accessories, printing, packaging, dying, washing chemicals etc.

Benefits:

The bank will benefit by investing the idle money by quick recycling through this loan scheme. On the other side, the borrower will be benefited by enhancing its running capital as well as physical growth. As a result it will create more employment and play role to reduce poverty level.

Young Entrepreneur Loan Scheme- “Atto-Nirvorshil Jobok”:

Now-a-days NCC Bank is offering different types of credit to the different groups like traders, industrialist, businessman, and individuals in case of personal loan. These are generally for all people but we are not providing something special for young talent. As Bangladesh bank has declared that for every five branches in metropolitan area one branch must be opened in rural area. We can utilize this opportunity. For the rural young people those who have innovative ideas but insufficient capital.

In rural area young people are not getting chance to involved with many productive works like poultry, handicrafts etc. due to the lack of capital. They can't able to get that job to the small-large extent for the shortage of capital. In urban and sub urban area there are also so many potential young talented entrepreneurs who are sitting idle only because they don't have enough capital to run their business. If we finance them at low rate under our SME project then it will be a great help for the growth of our economy. We can easily do that as BB offers concessional rate

under the SME project to the disbursing bank in case of young talented entrepreneurs borrower. We can name the product as “Atto-Nirvorshil Jobok”.

Ship Building Loan (Industrial loan):

Ship building industry in Bangladesh is set to emerge as new export leader. Since major ship manufacturing countries like South Korea, Vietnam, China and Singapore are becoming less interested in building Small Ocean going vessels. European buyers are now coming to Bangladesh and India. The industry is gradually shifting towards developing countries like us mainly because of the availability of a cheap labor force. The global market for small ships is now about \$400 billion. If we can grab one per cent of the global order for small ships, the amount will be worth \$4.0 billion. Recently Bangladesh government has declared Ship Building Industry as 7th thrust sector. This is a very lucrative sector and will improve day by day. But this is a highly capital intensive industry. So there is a huge demand for Bank loan there. If we invest in this infant sector with lower interest rate then it would be a great help for this sector as well as our economy, which will flourish our image throughout the country. We can launch a new loan product especially for the Ship Building Industry named “Ship Building Loan”.

Suggested more products for NCC Bank Ltd. as a whole:

- **Islamic banking:**

Islamic banking system has enormous opportunity in the local market based on mostly Muslim customers and NCC bank didn't introduce it yet. So introducing new Islamic banking system or combining it with the existing banking system will bring huge profit to the bank.

- **Strong marketing activities:**

NCC bank lacks of clearly defined marketing objectives. It requires improvement in its current marketing strategies and mass implementation on that. This will contribute in earning more market share in the banking industry.

- **Promising market growth:**

In developing countries like Bangladesh banking sector is the best sources of financing. So the banking sector itself promises a significant growth for deserving banks. NCC bank can be one of the leading players if it utilizes the opportunity.

- **Defaulters:**

The common attitude of Bangladeshi clients to default can be a problem to the bank's profit trend.

- **The impact of centralized authority:**

Delegation of authority is centralized which makes the employee to realize less responsibility. Thus the employee morale is deteriorated.

- **Bureaucratic hassles in loan department:**

The credit proposal evaluation process is lengthy. Therefore sometimes valuable clients are lost and Bank becomes unable to meet targets.

- **Absence of employee evaluation:**

No substantive use of Annual confidential Report to reward or to punish employees. Hence, the employees become inefficient.

- **Ineffective portfolio:**

The portfolio of Bank is not that much diversified because it invests major portion of its fund on Government securities.

- **Untouched rural sector:**

The bank does not go for rural banking. But rural people are bankable which NCCBL can get from the activities of the NGOs.

- **Lacks in promotional activities:**

The Bank lacks aggressive advertising and promotional activities to get a broad geographical coverage.

- **Impact of competitor's strategies:**

Multinational banks with various attractive means of providing commercial banking services can take the Bank's lucrative clients away. Local competitors can also capture a huge market share by offering similar products and services provided by the Bank.

- **Problems resulted from illegal micro credit firms:**

Opening the recent no permitted new banks or micro credit firms, without implementation of the needed reforms, could lead the unethical competition and horse-trading in the local banking sector.

- **Limited ATM service:**

The bank has only a few ATM booths but not in mentionable places. So, the scope of the use of ATM card is limited and competitors can capture the potential market for ATM service.

- **Preference to traditional methods:**

Compared to its competitors the bank does banking activities through traditional methods and the management is not open minded enough to follow up with the new methods.

- **Inefficient employees:**

According to the employees remarkable portion of the total human resources is inefficient.

- **Absence of R&D department:**

The Bank does not have any research and development division which can react to the developing customer demands or competitor's strategies.

- **Impact of banking rules:**

Bangladesh Bank sometimes require private Commercial Banks (PCBs) to be abide by such rules and regulations which is not suitable every commercial banks

- **Limited branches:**

NCC bank's total numbers of branches are lower than other competitors.

- **Lack of proper customer service:**

The customer service of the Bank is not too good like other banks. In the Foreign Banks, there are customer service department. But there is no Customer service department in NCC bank.

Other products for NCCBL, keeping next 5 years in mind-

- Rural Banking
- NCCBL's approach to Rural Banking - Promoting Capitalization
- NCC Bank for promoting "self-help savings and credit groups"
- Purpose of NCCBL's support
- Assets Securitization
- Mutual Fund

6.3 Recommendations:

- Today's and tomorrow's business world is more challenging. To face the challenge bankers must have knowledge about different economic and business variable. So the bank must recruit business graduate like BBA and MBA holders as a probationary officer.
- The bank should made advertisement on newspaper and TV so that every initiatives and special facilities of the bank can go at the door of the customers.
- 24 hours banking facilities like credit card ATM card should be made within short period.
- The bank should introduce new short term schemes like micro credit for poor and urban people.
- Changes in industry trends may directly affect business so that it calls no longer completely Profitable. Therefore, the Bank should keep information about the environment of each industry in which its customers operate.
- To attract more clients NCCBL has to create a new marketing strategy, which will increase the total export Import business.
- Attractive incentive package for the exporter will help to increase the Export and accordingly it will diminish the balance of payment gap of NCCBL.
- Different types of training very much required for the bank officials.
- Computerized banking system and latest communication device are the most important elements for this century. So, for the sound and stable Banking operation, NCCIBL has no alternative but the modernization.
- Foreign exchange operations of other banks are more dynamic and less time consuming. NCCBL should take some initiative to compete with those Banks.
- NCCBL should change the desk of the officers on rotation basis so that their skill can be increased.
- The bank should be the more responsive to societal issues.
- The bank should try to keep more diversification among its products and services.

6.4 Conclusion:

National Credit Commerce Bank Limited (NCCBL) is serving the market with almost full range of services. As the number of branches implies, still Bank has limited operation in our country, but it should also be noted that within the next few years from its establishment, no bank could make as good standing as NCCBL has now done. The bank is following a certain traditional marketing strategy and it is doing well. This marketing strategy is quite satisfying customers and it has positive impact on its profit trend. But with this modern age, the bank should improve its marketing strategy. If it improves its marketing strategy, then it can attract more customers towards this Bank and it will have more positive impact towards its profit trend. So far NCC Bank Limited has been able to manage its credit portfolio skillfully and kept the classified loan at a very lower rate thanks go to the standard and stringent credit appraisal policy and practices of the bank. They will do better if they continue with their same policy but also they have to maintain the trend as well.

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