



Internship report on

Topic : OVERALL FUNCTION OF NBL
Course Code: BUS 699

SUBMITTED TO

Mr. Mahmudul Haq
Assistant Professor

SUBMITTED BY

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SEMESTER: Summer2014

Date of submission: 16th September 2014
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INTERNSHIP REPORT

NATIONAL BANK LTD.



TOPIC

OVERALL FUNCTION OF THE BANK

Letter of Transmittal

September 16, 2014

Mr. Mahmudul Haq
Assistant Professor

BRAC University

Subject: Submission of internship report on “**An evaluation of overall Banking System of National Bank Limited**”.

Dear Sir,

I have the pleasure to submit herewith the report on “An evaluation of overall Banking System of National Bank Limited”. I was pleased in National Bank Limited, Dilkusha Branch and completed my internship program there in between July 15, 2014 to September 14, 2014. The report consists of an overview of my practical experience.

I enjoy preparing this report, which enriched my partial knowledge of the theoretical concept. I tried to reflect the operational aspects of the Bank, Which is complementary to the theoretical and practical knowledge.

I will be very glad if the report can serve its actual purpose and I am ready to explain anything to you if you feel necessary.

Yours Sincerely,

.....

Rabin Kumar Saha

MBA Program

ID NO: 12164002

Major in Finance

BRAC University

Declaration

I am Rabin Kumar Saha, hereby declare that the report of internship Program titled “**An evaluation of overall Banking System of National Bank Limited**” is uniquely prepared by me after the completion of three months’ work at Dilkusha Branch of National Bank Ltd.

I confirm that, the report is only prepared for my academic requirement not for other purpose. It might be with the interest of opposite party of the corporation. I also assure that this report is not submitted anywhere of Bangladesh before me.

.....

Rabin Kumar Saha

ID NO: 12164002

Major in Finance

MBA Program

BRAC University

Acknowledgement

All praises are due to almighty God who enabled me to complete this report. This report entitled “An evaluation of overall Banking System of National Bank Limited”.

I would like to express my sincere gratitude and appreciation to my supervisor Mr. MahmudulHaq. It would not have been possible for me to complete this report without his help, advice and overall supervision. This constant encouragement and supervision throughout the period of this study have been greatest inducement for me and directly contributed to the accomplishment of the task. I must express my appreciation to Mr. Mohammad Abu Jafar (Senior Executive Vice President), National Bank Limited, Dilkusha Branch. I am also very grateful to Prodip Kumar Datta (Senior Vice President & Branch Manager) and also Mr. NurRahamanMeah (Senior Principal Officer) for their supporting role and along with other who has been supportive through my internship report.

Equally, I would also like to thank the authority for their kind co-operation

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Executive Summary

There is a great supportive role of banking system in human society. It plays a vital role for the economic development of a country. The banking system of Bangladesh is backward, compared to many other nations. The local banks which are rendering services to mass people of the country are following the traditional system, which are no longer followed by bank in other development countries. It brings Bangladesh people to the touch of modern technology.

National Bank Limited is one of the largest and oldest private sector commercial bank in Bangladesh. Adaption of modern technology both in terms of equipment and banking practice ensures efficient service to clients, 175 branches in home and 11 branches in abroad. National Bank Limited made its journey in March 23, 1983 at its registered office and other branches.

General banking section is the heart of banking activities because funds are mobilized cash transactions are made clearing, remittance and accounting activities are done here. It makes possible financing of different sectors. My comment is to make a good environment of financial institution like bank where people can use bank as their consultant and supervisor of financial work and risk management. As the bank is controller of business environment and economical condition of a country they should know the way of proper marketing policy and strategy. They have available products but this is limited in a branch. They should start On-line banking system to survive the competitive position. Their pricing, promotion and distribution strategy are also not satisfactory enough. They capture good position in place strategy by their 175 branches at home. The bank managers its physical evidence very carefully as it can have a profound impact on customers' impression. They also design their process in such a way that leads to competitive, dynamic and very effective service delivery and result in satisfied customers.

They maintain a good relationship with their customers. Maximum numbers of people have savings accounts than other accounts in NBL. Customers have average and moderate satisfaction on the quality and performance of General Banking Service. But customers have maximum reliability on National Bank Limited.

Chapter one

Introduction

1.1 An overview of National Bank Ltd.

National Bank Limited is regarded as the pioneer in the private sector banking of Bangladesh.

National Bank started its journey with the noble vision of diversifying banking activities into different activities of client service. The bank is also committed to fulfill its responsibilities to the society and the country. National Bank Limited has its prosperous past, glorious present, prospective future and under processing projects and activities. Established as the first private sector Bank fully owned by Bangladeshi entrepreneurs, NBL has been flourishing as the largest private sector Bank with the passage of time after facing many stress and strain. The member of the board of directors is creative businessman and leading industrialist of the country. To keep pace with time and in harmony with national and international economic activities and for rendering all modern services, NBL, as a financial institution automated all its branches with computer network in accordance with the competitive commercial demand of time. Moreover, considering its fourth-coming future the infrastructure of the Bank has been rearranging. The expectation of all class businessman, entrepreneurs and general public is much more to NBL. Keeping the target in mind NBL has taken preparation to open new branches by the year 2000-2001.

The emergence of National Bank Ltd. in the private sector is an important event in the Banking arena of Bangladesh. When the nation was in the grip of severe recession, Govt. took the farsighted decision to allow in the private sector to revive the economy of the country. Several dynamic entrepreneurs came forward for establishing a bank with a motto to revitalize the economy of the country.

National Bank Limited was born as the first hundred percent Bangladeshi owned Bank in the private sector. From the very inception it is the firm determination of National Bank Limited to play a vital role in the national economy. We are determined to bring back the long forgotten

Taste of banking services and flavors. We want to serve each one promptly and with a sense of dedication and dignity.

The President of the People's Republic of Bangladesh Justice Ahsanuddin Chowdhury inaugurated the bank formally on March 28, 1983 but the first branch at 48, Dilkusha Commercial Area, Dhaka started functioning on March 23, 1983. The 2nd Branch was opened on 11th May 1983 at Khatungonj, Chittagong. Today they have total 175 Branches all over Bangladesh.

Since the very beginning, the Bank exerted much emphasis on overseas operation and handled a sizeable quantum of homebound foreign remittance. The Bank established extensive drawing arrangement network with Banks and Exchange Companies located in important countries of the world. Expatriates Bangladeshi wage earners residing in those countries can now easily remit their hard-earned money to the country with confidence, safety and speed.

In the year 2000, the Bank managed to procure foreign remittance business to the tune of US\$88.44 million dollar equivalent to Tk.4, 662.10 million compared to Tk.3, 986.20 million in the previous year indicating a growth of 16.96%

Considering the need for remittance by the expatriates Bangladeshis residing abroad the Bank during the year established drawing arrangement with the Pacific Bank Berhad, Malaysia (now May Bank), Security Exchange Company Limited, State of Kuwait and Dalil Exchange, State of Bahrain.

Our Bank invested 25% equity in Gulf Overseas Exchange Company LLC, a joint venture Exchange Company in Oman, operating since November, 1985 under the management of the Bank. The Bank received Riyal Omani 12,450 equivalent to Tk.1.74 million as dividend for the year 2000.

A Representative Office was established in Yangon, Myanmar in October, 1996 and obtained permission from the Government of Bangladesh to handle border trade with Myanmar. Opportunities are being explored for further business avenues there.

Now NBL is on line to establish trade and communication with the Prime International banking companies of the world. As a result NBL will be able to build a strong root in international banking horizon. Bank has been drawing arrangement with well conversant money transfer service agency "Western Union". It has a full time arrangement for speedy transfer of money all over the world.

Banking is not only a profit-oriented commercial institution but it has a public base and social commitment. Admitting this true NBL is going on with its diversified banking activities. NBL introduced Monthly Savings Scheme, Special Deposit Scheme, Consumer's Credit Scheme and Savings Insurance Scheme etc. to combine the people of lower and middle-income group.

A team of highly qualified and experienced professionals headed by the Managing Director of the Bank who has vast banking experience operates bank and at the top there is an efficient Board of Directors for making policies.

Mission:

To obtain a suitable position in the banking sector of Bangladesh

Objectives:

- ❖ To provide standard financial services
- ❖ Profit Maximization

Vision:

“A Bank for Performance with Potential”

1.2 Origin of the Report:

The purpose of this report is to focus practical Experiences of my day-to-day work as a part of my internship period.

Methodology what I have applied to prepare this Report

- **Observation**
- **Projection Techniques**
- **Depth Interviews**
- **Interaction with the Customers and Colleagues**

Sources of Data

- **Doing practical work in different desks**
- **Study of old files/documents/formats**
- **Personal investigation.**
- **My colleagues and Customers**
- **Collection of Data from different statements and abstracts.**
- **Internet, Brochures, annual report etc.**

1.3 Objective of the Report

The main objective of this report is to fulfill partial requirements of M.B.A degree program. In order to be able to obtain the M.B.A degree from BRAC University, every student is required to do internship program in a well-reputed organization for 3 months, after completing all the required courses. After the internship period, each student or intern has to submit a report about the respective organization. I have completed my internship program in National Bank Ltd. And this report is about NBL.

As one of the main objectives of internship is to gather job experience, I have tried to put some of the experiences that I have learnt from my internship in this report.

The specific objectives of this report are –

- ❑ To present an overview of National Bank Ltd.
- ❑ To appraise the performance of National Bank Ltd.
- ❑ To apprise financial performance of National Bank Ltd.
- ❑ To identify the problems of National Bank Ltd.

- To recommend/ remedial measures of the development of National bank Ltd.

1.4 Methodology of the study:

Both the Secondary and Primary Sources have been used to collect data for this research paper.

□ Collection of Secondary Data:

Data regarding the operations of National Bank Ltd. and analysis of financial statement were collected from secondary sources like annual report, Brochures, Manuals and Publications of National bank Ltd.

□ Collection of Primary Data:

Many of the data and information were collected from my practical experience and queries from the executives while doing our assignment period at National Bank Ltd. Information and data regarding products & services, interest rates & charges, banking operations, organization structure, management personnel, and policies were collected from these sources.

1.5 Limitations of the report:

To prepare the internship I encountered some limitations. The limitations are given below-

- Limitation of time was a major constraint in making a complete study, due to time limitation. The duration was only twelve weeks. It was too limited to cover all the banking area. Many aspects could not be discussed in the present study.
- Lack of comprehension of the respondents was the major problem that created a lot of confusion regarding verification of conceptual question.
- Confidentiality of data was another important barrier that was faced during the process of this study.
- As being an intern, it also created some problems as I was unable to acquire hands-on-experience in all the departments, due to the bank's policy of maintaining secrecy and also because I did not get the opportunity in all the departments.

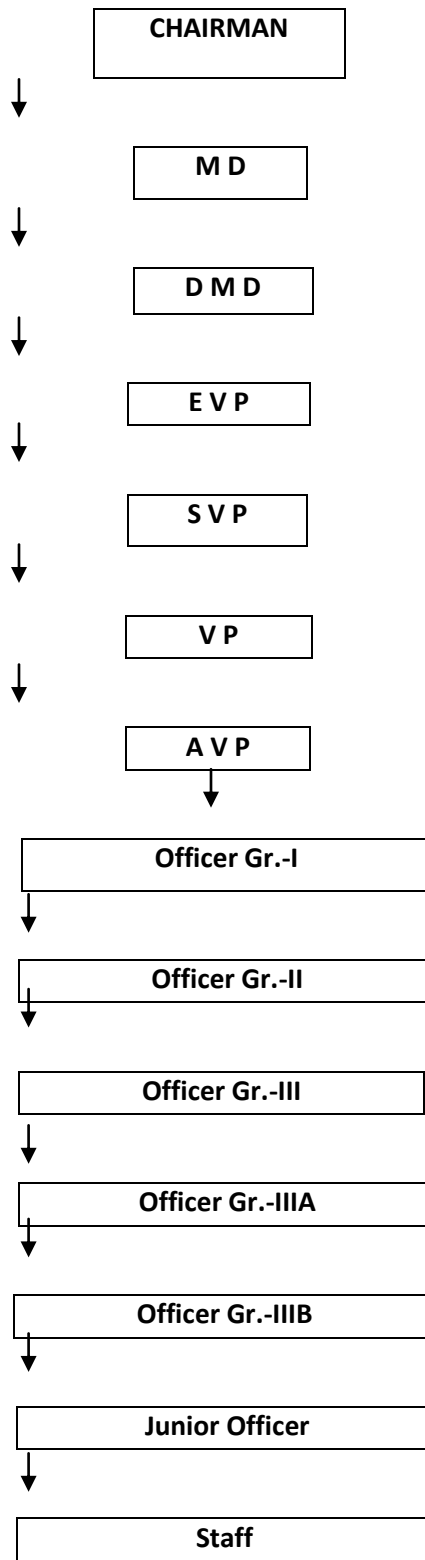
1.6 Organization structure:

Functional oriented structure& Organization structure plays an important role on the profitability of any organization. National bank limited is a centralized organization and its activities are designed on the basis of traditional banking business, such as credit, international division, investment, administration, and operation etc. NBL has a formal organizational structure that is highly specialized and centralized. The whole organizational structure is given below-

Board of Directors

MR. ZAINUL HAQUE SIKDER	:	Chairman
MRS. MONOWARA SIKDER	:	Director
MS. PARVEEN HAQUE SIKDER	:	Director
MR. ALHAJ KHALILUR RHMAN	:	Director
MR. MOAZZAM HOSSAIN	:	Director
MR. ZAKARIA TAHER	:	Director
MR. RICK HAQUE SIKDER	:	Director
MR. RON HAQUE SIKDER	:	Director
PROF. MAHBUB AHMED	:	Director
MR. MABROOR HOSSAIN	:	Director
MR. A K M ENAMUL HOQUE	:	Director
MR. SALIM RAHMAN	:	Director
LT.COL.(Rtd) MD.AZIZUL ASHRAF,PSC	:	Director
MR. NEAZ AHMED	:	Managing Director

Hierarchy of the Bank:



Division of NBL

- 1. Audit & Inspection Division.**
- 2. ATM Card Division**
- 3. Board Secretariat**
- 4. Budget & Monitoring Division.**
- 5. Credit Division-1.**
- 6. Credit Division.-2.**
- 7. Credit Card Division.**
- 8. Classified Loan Recovery Division.**
- 9. Financial Administration Division.**
- 10. General Banking Division.**
- 11. Human Resources Division.**
- 12. International Division.**
- 13. Information System & Technology Division.**
- 14. Law & Recovery Division.**
- 15. Marketing Division.**
- 16. Merchant Banking Division.**
- 17. Public Relations Division.**
- 18. Protocol Division.**
- 19. Reconciliation Division.**
- 20. System & Operations Division.**

Chapter Two

An Appraisal of National Bank Ltd.

2.1 Capital structure:

A brief cash flow position of the bank is given in the table below. Auditor's Report to the Shareholders of National Bank Limited.

Cash Flow Statement (Un-Audited)

For the half year ended from January 01, 2014 to June 30, 2014

	June '2014	June '2013
	<u>Taka</u>	<u>Taka</u>
A) Cash flows from operating activities		
Interest received	10,215,046,243	8,724,985,690
Interest paid	(6,990,695,919)	(7,037,489,180)
Income from Investment	2,584,503,511	2,560,649,704
Fees, commission, exchange & brokerage	899,986,269	890,204,545
Cash paid to employees	(1,257,867,328)	(1,202,761,236)
Cash paid to suppliers	(393,012,731)	(386,393,217)
Income taxes paid	(796,092,230)	(1,409,017,139)
Received from other operating activities	409,729,185	433,174,001
Paid for other operating activities	(211,322,738)	(321,339,601)
<i>Operating profit before changes in operating assets and liabilities</i>	4,460,274,262	2,252,013,567
Increase/(decrease) in operating assets & liabilities		
Loans and advances to other banks	-	-
Loans and advances to customers	(13,168,050,034)	(16,197,256,122)
Other assets	(2,648,459,184)	(539,431,009)
Deposits from other Banks	(2,096,153,107)	2,833,772,570
Deposits from customers	4,337,614,068	15,284,946,190
Other liabilities	820,684,269	1,681,687,426
	(12,754,363,988)	3,063,719,055
<i>Net cash received from operating activities</i>	(8,294,089,726)	5,315,732,622
B) Cash flows from investing activities		
Changes in private securities	281,799,863	60,980,363
Changes in Govt. securities	10,063,196,952	4,491,666,190

Purchase of property, plant and equipment	(299,521,849)	(256,384,241)
Sale proceeds of fixed assets	3,428,038	4,764,746
Net cash used in investing activities	10,048,903,004	4,301,027,058
C) Cash flows from financing activities		
Borrowings from Other Banks, Financial Institutions and agents	813,778,663	(7,369,917,222)
Net cash received from financing activities	813,778,663	(7,369,917,222)
D) Net increase / (decrease) in cash and cash-equivalents (A+B+C)	2,568,591,941	2,246,842,458
E) Effects of exchange rate changes on cash and cash-equivalents	-	-
F) Cash and cash-equivalents at beginning of the year	20,588,589,202	18,261,569,165
G) Cash and cash-equivalents at end of the year (D+E+F)	23,157,181,143	20,508,411,623
Cash and cash-equivalents at end of the year		
Cash in hand (including foreign currencies)	2,291,805,074	2,089,996,582
Balances with Bangladesh Bank and its agent bank (s)	15,945,804,929	10,867,604,236
Balances with other Banks and Financial Institutions	4,811,290,740	6,108,478,105
Money at call and short notice	98,900,000	1,429,000,000
Reverse repo	-	-
Prize bonds	9,380,400	13,332,700
	23,157,181,143	20,508,411,623

Chapter Three

General Banking

General banking is one of the main departments of any bank. A Bank starts its banking work through General Banking. General Banking helps to do other activities of the Bank smoothly. General Banking Division consists of the following fields of activities:

- Receiving/Collecting deposits
- Issuance of Cheque Book, DD, TT, P.O

3.1 Receiving/ Collecting Deposits:

Dilkusha Branch is collecting two types of deposits, such as:

1. Demand deposits
2. Time Deposits.

Demand deposits:

These sorts of Deposits are payable without any notification. Dilkusha branch is collecting the above deposits through the following way:

By opening of:

1. **Current account**
2. **Saving account**

1. Current Deposits (CD A/C)

Current Deposits (CD A/c) is a running A/c where a customer can draw money frequently/continuously. Funds of CD A/c shall be payable on demand. Bank does not allow any

interests on CD A/c. CD A/c is generally opened by Business men, Public Institutions, Corporate Bodies & other organizations who want to operate his A/c numerous & frequently.

National Bank Limited provides the following types of current account:

- ❖ Current account for individual (There must be a nominee)
- ❖ Joint current account (There must be a nominee)
- ❖ Proprietorship current account: It may be CD A/c (Current Proprietor A/c)

To open a Proprietorship A/C:

- Proprietor of the firm must fill up the Current Proprietorship A/c opening form
- An Introducer acceptable to Bank must introduce the A/c.
- Photographs of the Proprietor
- The specific Rubber-stamp of the Proprietorship firm
- Valid Trade License

❖ **Partnership current account: For opening this A/c the Conditions are**

- It may be CD A/c
- It must be opened by the name of the Partnership Firm
- Partnership Deed must be submitted with the A/c opening form
- Specific Rubber Stamp of the Firm
- Photographs of the A/c operative persons

❖ **Limited Company current account:**To open an A/c in the name of a Company

The following documents and papers must be submitted with the A/c opening form:

- Memorandum & Articles of Association of the Company
- Certificate of Incorporation
- Resolution of the Board to open A/c with the Bank
- List of Directors with Signatures
- Photographs of the operative persons

❖ **Public Limited Company Current A/c:** To open an A/c in the name of a Public Limited Company, the following documents and papers must be submitted along with the A/c opening form:

- Memorandum & Articles of Association of the Company
- Certificate of Incorporation
- Resolution of the Board to open A/c with the Bank
- List of Directors with Signatures
- Photographs of the operative persons
- Certificate of Commencement of Business.

Short-Term-Deposit (STD):

Short Term Deposit or STD Account Opening procedure is similar to that of the current account. The rate of interest on this type of account is 5%. Withdrawals from this type of account require a prior notice of seven days.

Account Opening Requirements:

- ✓ Trade license & T I N Number & Vat Number.
- ✓ 2 Copy Passports Size Photo.
- ✓ Passport Photo Copy / National ID card / Commissioner Certificate/ Photo ID.
- ✓ Broad Resolution & list of Director & Memorandum & Articles of Association & Certificate of Incorporation & Certificate of Commencement of Business.
- ✓ From-X From-X11, Schedule- 117.
- ✓ Broad of Investment Certificate (BIO).
- ✓ Bangladesh Bank Permission.
- ✓ IRC / ERC.

2. Savings Deposits (SD A/C)

Savings Deposits (SD A/c) is a savings A/c where a customer can save their money frequently/continuously. Bank allows any interests on SD A/c. SD A/c are generally opened by normal people who want to operate his A/c numerously & frequently.

Account Opening Requirements:

- ✓ 2 copy Passport Size Photo.
- ✓ 1 Nominee Passport Size Photo.
- ✓ Passport Photo Copy.
- ✓ National ID Card.
- ✓ Commissioner Certificate.
- ✓ Photo ID.
- ✓ T I N Number.

National Bank Limited provides the Monthly Savings Scheme (NMS) current account:

❖ Monthly Savings Scheme (NMS)

Benefits in this scheme is monthly installments of deposit will be Tk.500/-, Tk.1000/-, Tk.2000/-, Tk.3000/-, Tk.4000/-, Tk.5000/-, Tk.10,000, Tk.20,000, Tk.30,000, and Tk.50,0000.

Account may be opened for any installment and term, which is not changeable.

A person is allowed to open more than one account for different installment in a Branch/Bank.

Monthly Installment (Tk.)	Amount to be paid on completion of the term			
	3 years @ 10.00%	5 years @ 10.50%	8 years @ 11.00%	10 years @ 11.50%
Tk. 500	Tk. 20,936	Tk. 39,101	Tk. 75,396	Tk. 109,182
Tk. 1,000	Tk. 41,872	Tk. 78,202	Tk. 150,792	Tk. 218,364
Tk. 2,000	Tk. 83,744	Tk. 156,404	Tk. 301,584	Tk. 436,728
Tk. 3,000	Tk. 125,616	Tk. 234,606	Tk. 452,376	Tk. 655,092
Tk. 4,000	Tk. 167,488	Tk. 312,808	Tk. 603,168	Tk. 873,456
Tk. 5,000	Tk. 209,360	Tk. 391,010	Tk. 753,960	Tk. 1,091,820
Tk. 10,000	Tk. 418,720	Tk. 782,020	Tk. 1,507,920	Tk. 2,183,640
Tk. 20,000	Tk. 837,440	Tk. 1,564,040	Tk. 3,015,840	Tk. 4,367,280
Tk. 30,000	Tk. 1,256,160	Tk. 2,346,060	Tk. 4,523,760	Tk. 6,550,920
Tk. 50,000	Tk. 2,093,600	Tk. 3,910,100	Tk. 7,539,600	Tk. 10,918,200

Account Opening Requirements:

- ✓ 2 copies of recent photograph of account holder.
- ✓ Valid photocopy of Voter ID Card / Passport (Account holder & Nominee)
- ✓ 1 copy of recent photograph of nominee.

Fixed Deposits (FD)

Fixed Deposits (FD A/c) shall be opened for a longer period such as 3 (three) months to 3 (three) years or more. Generally who wants to invest his money safely can open FD A/c. The interest of FD A/c is negotiable & it depends on the volume of deposit and period. At present, our branch is allowing interest from 8% to 9.50% in FD A/c. It may be noted that no introduction is necessary to open FD A/c & the FDR is not negotiable instrument & cannot be transferred by endorsement.

Issuance of DD, TT & PO.

This Bank offers DD, TT & PO for transferring the funds from one place to another to our Customer. It is Called Inland Remittance. It is one kind of sources of Income of the Branch.

Bank can issue DD, TT & PO against cash or Cheque. To issue the above we have to follow some rules & regulations.

1) Issuance of DD. (Demand Draft)

DD is a written order from one branch to another branch of the same Bank. It is not payable to bearer of the instrument. In practice, NBL cannot issue DD between Branches within the Same city.

2) Issuance of TT. (Telegraphic Transfer)

TT is one kind of telegraphic/Telephonic message order to pay someone the fund between Two Branches of the same Bank. It is the quickest & easiest way to transfer fund from one Place to another place.

The charges for issuing of DD & TT of our Branch

DD/TT	0.10% of the total DD/TT Amount
Telex Charge	Tk. 40 fixed
VAT	2% of Commission amount

3) Issuance of PO (Pay Order)

PO is a written order, issued by branch of Bank to pay a certain amount to a specific person Or organization. Whose favor we issue PO is called Payee. Sometime PO is sold to Individual on payment of value, and then the individual are called the purchaser.

Chapter Four

Services of National Bank

Credit Card

Through its Credit Card, National Bank Limited has not only initiated a new scheme but also brought a new life style concept in Bangladesh. Now the dangers and the worries of carrying cash money are memories of the past.

Credit Card comes in both local and international forms, giving the client power to buy all over the World. Now enjoy the conveniences and advantages of Credit Card as step into the new millennium.

NBL ATM Service

National Bank Limited has introduced ATM service to its Customers. The card will enable to save our valued customers from any kind of predicament in emergency situation and time consuming formalities. NBL ATM Card will give distinguished Clients the opportunity to withdraw cash at any time, even in holidays, 24 hours a day, and 7 days a week.

Western Union Money Transfer

joining with the world's largest money transfer service "Western Union", NBL has introduced Bangladesh to the faster track of money remittance. Now money transfer between Bangladesh and any other part of the globe is safer and faster than ever before. This simple transfer system, being on line eliminates the complex process and makes it easy and convenient for both the sender and the receiver. Through NBL - Western Union Money Transfer Service, customer will reach its destination within a few minutes.

Western Union is a global leader in Money transfer and message services. With the help of western Union a consumer or a Businessman can transfer money or make payments more quickly and more securely from one part to another part of the world. There are 1, 17,000 Western Union Agent Locations over 185 countries in the world. It's the largest network in the world. Western Union markets transact more than one quarter Billion money every year.

In Bangladesh National Bank is the only agent of transferring money. In Bangladesh NBL can only receive money from abroad but NBL cannot make payment or transfer money from our country to another country of the world on behalf of our customer.

At NBL Dilkusha Branch, make payment to the customer through western Union with the help of Foreign Exchange Branch.

The procedures of Transfer Money through Western Union:

Dilkusha Branch, take one of the following documents as a Valid ID before the payment of western Union.

- i) Photocopy of 1st three pages of Valid Passport. In case of renewal, the photocopy of renewal page will be added.
- ii) Nationality Certificate with Photograph from Chairman/Commissioner/MP. The said person will verify the signature photograph of the applicant.
- iii) Bank's Certificate with photograph A/c Maintaining with the Bank. The Authorized Officer/Branch in Charge will verify the signature & photograph of the applicant.
- iv) Any A/c Holder of our Branch. In this case we will use the A/c Number as ID
- v) Voter ID.
- vi) Service ID (In case of reputed service holder)

Chapter Five

Daily activities of Bank

Clearing

Clearing is one of the important jobs of a bank. To run the banking business smoothly and to provide serve to customer, every bank has to collect cheques, POs, Drafts, etc which are drawn on other Bank on behalf of their A/c holder. On the other hand, every Bank has to pay against his A/c holder's Instrument, which are received from other Banks. In a word, we can say, the bank needs to collect or pay money on behalf of its A/c holder against A/c payee instruments. The process by which way the bank collects or pays the money is called clearing.

Clearing House:

Clearing House is a place where various Banks' representatives gather with their Clearing Instrument and settle each other's claims. Normally, clearing house sits in the Central Bank. Where there is no branch of Central Bank, the clearing house sits in a general place selected by the Central Bank. Clearing is held under the supervision of the Central Bank. In our country, Bangladesh Bank controls the clearinghouse. Bangladesh Bank has divided the whole country in various clearing zones such as, Dhaka, Chittagong, Khulna, Barishal etc. Somewhere Sonali Bank arranges & controls the clearing house as a representative of Bangladesh Bank.

Every Bank does not get the clearing facility. To avail the clearing facility every bank and its branches need to become a member of the Clearing House.

There are two kinds of Clearing as:

- 1) Outward Clearing
- 2) Inward Clearing

Outward clearing

The A/c holders of our Branch deposit other Bank's instrument in their A/c for collection. We collect it through Outward Clearing and credit the proceeds in their A/c.

Description of Outward Clearing:

Bank does not involve in clearing house directly. They make their clearing through Head office, Dilkusha. They just prepare the Instrument and send it to clearing department of Head Office for collection.

On the other hand, the A/c Holder of our Branch gives our Branch's instrument to their party who is not our A/c holder as payment. The party deposits the following instruments in their A/c for Collection through clearing house. We receive those instruments from Clearing house and make payment on behalf of our A/c holder. This is called Inward Clearing.

Except Clearing Instrument the Clearing Department also Collect the following instruments on behalf of their customer.

1) LBCCheques

LBC Stands for Local Bills Collection. LBC is a process of collection of instrument, which is held between the two different Branches of the Same Bank in the Same Clearing House. For example, if any A/c holder of our branch deposited a cheque which is drawn On our Babu Bazar Branch. In this case we will collect the proceeds through LBC.

2) OBC Cheques

OBC stands for Out Wards Bills Collection. Like LBC it is a process of collection of Instrument which is held between the two different Branches of the Same Bank in the Different Clearing House/Different City. For example if any A/c holder of our branch Deposited a cheque which is drawn on our Agrabad Branch Chittagong. In this case,NBL collect the proceeds through OBC.

Commission of OBC of our Branch

Below Tk. 1 Lac	0.15%
Above Tk. 1 Lac	0.10%

Postage Charge Tk. 10.00

3) IBC (Inward Bills Collection)

NBL collect the instrument on behalf of customer through LBC/OBC which are drawn on other Branches of our Bank. Like this collection we also make payment on behalf of our customer against LBC/OBC instrument, which are received from other Branch but drawn on our Branch. For example if any A/c holder of our Branch gives a cheque to his customer who maintains a/c with our Babu Bazar Branch & deposited the Cheque in his A/c. Babu bazaar Branch will send the said Cheque to our Branch through LBC for collection. Receiving of this kind of Instrument called IBC.

Writing of Advices:

Every Branch of our bank has to write Advice for updating their inter Branch Transaction. To serve our customer promptly we have to pay or receive deposits on behalf of our other branches. We receive or payment this deposit through advice in case of Branch to Branch transactions. Suppose, we have received a TT Message from our Khulna Branch to Pay Tk.1000 to Mr. X, one of our A/c Holder.

Here, someone deposits money at our Khulna Branch but payment will be made at our Dilkusha Branch but we cannot receive any cash from Khulna Branch. In this case, NBL will make the payment to Mr. X and send a Responding TT advice to our Khulna after debiting their CIBTA A/c.

There are many kinds of Advice such as

1) Originating Credit Advice:

NBL issue this kind of advice to credit the deposit in the other Branches A/c against their Claim such as payment against Clearing, LBC, OBC, Credit Card Fund, E/Cash A/c, PF, WF, Income tax & various kinds of fund transfer.

2) Responding Credit Advice:

When receive credit advice from the other Branches to credit our A/c called Responding Credit Advice. We receive such kind of advice against Clearing, LBC, OBC, Fund Transfer, Cash remittance etc.

3) Originating Debit Advice:

We make payments to the Customer against their instrument or documents on request of any other Branches of our Bank by issuing Originating Debit Advice. In Dilkusha Branch generally issue the following advice for payment against Western Union Money Transfer, FDD etc.

4) Responding Debit Advice:

When receive Debit advice from the other Branches to Debit our A/c called Responding Debit Advice.

5) Originating TT Advice:

Every day we issue TT, which is drawn on any other Branches of NBL & transfer The TT Message over Telephone or Telex to the drawee Branch for making payment to the TT favoring person. After receiving the message the drawee Branch makes the payment. Next, we send an Originating TT Advice to the Drawee/Responding Branch as a document of the following issued TT.

6) Responding TT Advice:

We receive TT message from other Branches of NBL and make payment to the Payee. In this case we are the drawee branch/Responding Branch. As a document we send Responding TT Advice to the TT Originating Branch.

Disbursement CCS Loan

The full elaboration CCS is Consumer Credit Scheme. It is one kind of Loan. National Bank's Consumer Credit Scheme gives a great opportunity to buy household and office items on easy installments. This scheme gives you the advantage of part payment to cope with the high price tags of many necessary home and office appliances.

Television, Refrigerator, VCR, Personal Computer, Photocopier, Washing Machine, Furniture, Microwave Oven, Car, and a number of other expensive items are now within your buying range. With this scheme NBL makes better living possible for people living on fixed income. Customers can buy those home and office equipment's without over taxing their budget.

Documents required by our Branch against CCS Loan:

- 1) Application for loan under CCS
- 2) Undertaking to pay Monthly Installment.
- 3) Letter of Authority to Debit Account for payment of Monthly Installment of CCS
- 4) Price Quotation of the Product, which the applicant wants to buy.
- 5) Promissory Note
- 6) Letter of Guarantee
- 7) Guarantee Bond from two persons with their photographs acceptable to Bank
- 8) Two copies of passport size photographs of the Applicant.

Fund Transfer to E/Cash A/c

There are several ATM Card Booth of our NBL from where the ATM Card Holder can draw cash at any time through punching their ATM Card. Every ATM Card holder maintains a link A/c. From the link A/c we have to transfer the fund to E/cash Account to activate the ATM Card. ATM Card is issued by Head Office ATM Card Division. Every day we receive the status of ATM Card holders from ATM Card Division.

Chapter Six

Foreign Exchange

Modes of the Foreign Exchange:

Various services regarding foreign exchange provided by NBL can be segregated into four broad categories:

- **Import**
- **Export**
- **Foreign Remittance**
- **Issuing T/C & Endorsement of Dollar**

IMPORT:

This section perform the major function of import procedure in favor of its clients and provide import financing through guarantee, LIM, PAD, LTR etc.

Letter of Credit:

Letter of Credit (L/C) is a letter from the importer's bank to the exporter that the bills if drawn as per terms and conditions are compiled with will be honored or accepted for deferred payment on presentation.

Requirements of opening an L/C are:

Trade license, IRC, Membership Certificate, TIN and VAT Certificate, Bond License, Memorandum of Articles (Incase of a limited co.), Registered Deed (Partnership Firm), Resolution and Photographs

Parties to Documentary Credit:

Commercial Parties

a) Applicant:

The applicant is normally the buyer of the goods, i.e. importer who requests his bank to issue a L/C in favor of a named beneficiary against tendering of certain documents.

b) Beneficiary:

The beneficiary is normally the seller of the goods who receives payment under documentary credit if he has complied with terms and conditions.

Bankers

Parties to documentary credit may be an issuing bank, an advising bank, a confirming bank, a reimbursing bank or a nominated bank.

a) Issuing bank:

The issuing bank or the opening bank is one, which issues the credit.

b) Advising Bank:

The Advising Bank advises the credit to the beneficiary thereby authenticating the genuineness of the credit. It is normally situated in the country/place of the beneficiary.

c) Confirming Bank:

A Confirming Bank is one which adds its guarantee to the credit opened by another bank, thereby undertaking the responsibility of payment/negotiation/acceptance under the credit in addition to that of the Issuing Bank.

d) Nominated Bank:

A Nominated Bank is that bank nominated by the issuing bank to pay, to incur a deferred payment liability, to accept drafts or to negotiate credit.

e) Reimbursing Bank:

A Reimbursing Bank is the bank authorized to honor reimbursement claims in settlement of negotiation/acceptance/payment logged with it by the negotiating/accepting/paying Bank.

Other related parties:

a) Issuer: The Issuer has the responsibility for issuing the goods as provided in the credit.

b) Carrier: The Carrier is responsible for safe arrival of the goods at the destination.

Types of documentary credit:

- a) Revocable D. credit
- b) Irrevocable D. credit
- c) Confirmed and unconfirmed D. credit
- d) Fixed, revolving and installment credits
- e) Standby credit
- f) Red clause
- g) Back to back credit
- h) Transferable credit
- i) Credit options

Documents in a documentary are Commercial Invoice, Certificate of origin, Analysis/quality certificate, packing list, Draft, and Transport documents and Insurance Documents.

EXPORT

Export is the process of selling goods and services to the other country. It has an immense contribution to generating income for the bank.

Requirements for the export procedure:

In order to export any goods or service to overseas, the exporter should have attested the photocopies of the following documents with the up to date export registration certificate. Other requirements are Commercial Invoice, Certificate of origin, Beneficiary certificate (where the exporter tells about the goods he/she wants to export), Beneficiary fax (confirmation of sending goods to the importer), Packing list, Draft, Transport documents and Insurance Documents.

If the bank authority satisfies with all the information provided by the exporter, steps are taken to smooth out the process of export regarding collection of money or opening back to back L/C.

Opening back-to-back L/C is a letter of credit backed by the original L/C or the mother L/C to open a new L/C. The bank provides it to the exporter to import the raw material from overseas in order to produce the exportable commodity for the importer. It encourages the exporter to produce more exportable goods. In this case the bank offers some additional facilities i.e. about 120 days to pay back the money where in case of import. L/C is issued for 60 days.

FOREIGN REMITTANCE

Foreign Remittance refers to the transfer of fund from one country to another through channel. Foreign Remittance is an important sector where NBL earns a lot of foreign exchange every year.

Drawing Arrangements:

Drawing Arrangements is made to facilitate remittance through concluding accounting relationship between a bank and corresponding, or an exchange house, which may exist in the following three forms of accounts.

1. NOSTRO A/C:

A foreign currency account that a local bank maintains with another bank in abroad.

2. VOSTRO A/C:

An account, which a foreign bank maintains with a local bank, is called VOSTRO A/C.

3. LORO A/C:

An account, which a third party maintains with a foreign bank, is known as LORO A/C.

There are two types of Remittance:

a) Foreign Inward Remittance:

The remittance in foreign currency, which is received from outside the country to our country is known as Foreign Inward Remittance. The remittance can be performed in two ways:

- ✓ **Visible Inward Remittance-such as export proceeds**
- ✓ **Visible Inward Remittance -such as family maintenance consultant fee etc. Cash is remitted through TT (Telegraphic Transfer), DD (Demand Draft) etc.**

b) Foreign Outward Remittance:

Foreign Outward Remittance is funds remitted to overseas on behalf of the client. It is of two types:

- ✓ **Visible Outward Remittance-such as, payment against import, sale of traveler's cheques etc.**
- ✓ **Visible Outward Remittance-such as, membership fee, subscription fee etc.**

ISSUING T/C & ENDORSEMENT OF DOLLAR

NBL is an authorized dealer of American Express T/C. at the same time; they can sell T/C and dollar. Every morning they get a telex from the Head Office, which carries the rate of the foreign currency transaction of the day. The payment to the customer is made instantly by debiting “foreign bill purchase” account.

Chapter Seven

Job Description

7.1 Job Description

As a student of MBA I have assigned to Dilkusha branch, National Bank Limited for my internship. At University we learn many things but in banking sector when we start our task then maximum things we learn by practically. That is very helpful for developing our working experience. When we did our Marketing courses and learn about Customer satisfaction that time we understand just what is customer satisfaction & other relevant concept about satisfaction .But when I start my work in NBL then I learn that how to evaluate the satisfaction of a customer. It was a practical experience. I think practical experience is very important for a student because by this experience student can properly learn anything. I have tried to see the things what are being done in each department of the branch.

Learned From General Banking Department:

- We know that General Banking is the starting point of all the banking operating task. I was also learned some account opening and different type of accounts.

- I was learned about different types of characteristics that are very much required during opening accounts such as client's photography, client's signature, national ID card or passport, nominee's information, nominee's photography etc.
- I was learned about cash book issuing and different types of cheque book issuing.
- During internship period I was learned different type of things about clearing such as the nature of clearing, clearing process, the types of clearing document etc.
- In different time NBL deals with different type of communication ways such as business letter, meetings, and reports etc. so I also know about business communication process.
- This Internship is developed my skills in the application of theory to practical work situations, to cope with new environment, and understand interpersonal relationship.

Due to time and resource constraint I couldn't do practical workout in all departments. In that case I tried to collect data/information from the following sources:

- Practical desk work
- Face to face conversation with the officer
- Direct observations
- Face to face conversation with the client
- Browsing the website of NBL.

Chapter Eight

Recommendation & Conclusion

- NBL should pursue advertisement campaign in order to build a strong image among the people. They should carry out aggressive marketing campaign to attract clients. They can give advertisements in newspaper and magazine, television and neon signs.
- NBL can pursue a diversification strategy in expanding its current line of business. The management can consider options of starting merchant banking.
- NBL should move towards Online banking operations. It the appropriate time for going for Online banking because some of the banks are already in to the Online banking operation.
- National Bank Ltd. should increase consumer-banking activity. Their consumer-banking activity is so poor. They should increase the consumer banking as early as possible.
- They should innovate other type of deposit to attract more customers.
- NBL should increase management efficiency. The bank should try to keep a balance in its operating expenses and operating income. If the operating expenses to operating income are high the bank may face some problem.

- Default Culture is very much familiar in our country. National Bank Limited should carefully allocate the bank's assets to the highest yielding loans while avoiding excessive risk. The bank should reduce the amount of Bad/Loss relative to classified loans.
- NBL is taking higher risk to get higher return. In this perspective the bank should be concerned about their risk-taking tendency. Now they should take calculate risk.
- NBL should maintain more cash and deposit balances with other banks. Because it is desirable that banks keep their cash and balance with other bank to such extent so that it can minimize the chance of liquidity crunch.
- NBL should keep on adding different banking service with its traditional interested based business to generate more non-interest revenues.
- NBL should develop more strategic planning as to compete with its rival banks.

National Bank Limited has been trying to operate its business successfully since 1983. The bank has already developed good image and goodwill among its clients by offering excellent services. As a newly established Branch, NBL Dilkusha is serving at its locality with utmost satisfaction of the customer. So, NBL Dilkusha Branch has to compete with those banks as well as other Commercial Banks. Today, the whole Banking sector is facing a tough competition and challenge. In this situation our Branch is in good position than any other Bank of its locality and day-by-day we are increasing our activities & goodwill. Within 30 years of its operation, the bank has grabbed a position in the banking sector. So finally I can say that overall performance of NBL is good in banking sector of Bangladesh.

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