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Internship Report On

“General Banking Operation of Mercantile Bank Limited (MBL)”

Submitted To:

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LETTER OF TRANSMITTAL

07 January, 2016

Hasan Maksud Chowdhuri

Assistant Professor

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Sub: To accept the internship Report on “General Banking Operation of Mercantile Bank Limited (MBL), Mohakhali Branch”.

Dear Sir,

I would like to thank you for giving me the opportunity of doing this assignment to prepare the Report. The report contains a comprehensive study on the overall Mercantile Bank Limited. But mainly it focuses on general banking activities and services that are available at Mohakhali branch of Mercantile Bank Limited.

I have tried to put my best effort in order to make the report an informative and standard one.

I am really thankful to you for your guidance, support and suggestions. So this is my humble request to you to accept this report and I will be available to explain any queries if you feel necessary.

Sincerely yours,

Tamanna Habib

ID: 13164148

Department: MBA

LETTER OF ENDORSEMENT

This is to certify that internship report on "General Banking Operation of Mercantile Bank Limited (MBL)" is done by Tamanna Habib, ID: 13164148 as partial fulfillment of the requirement of MBA program from the BRAC Business School, BRAC University.

The report has been prepared under my guidance and is record of the bonafied work carried out successfully.

Signature of the Supervisor

Md. Hasan Maksud Chowdhury

Assistant Professor

BRAC Business School

BRAC University

ACKNOWLEDGEMENT

At first I want to thank the Almighty without whose help this report cannot be completed. Then I would like to express my deepest appreciation to all those who provided me the possibilities to complete this. A special gratitude I give to the intern supervisor, Hasan Maksud Chowdhuri, whose constant help mattered a lot regarding certain aspects of this report.

I would also like to thank **Mr. Md Atiqur Rahman** (First Vice President & Manager Operation), **Sajeeda Ahmed** (First Assistant Vice President), **Md. Mahabub Alam** (Officer, SME Finance), **Mr. Anisuzzaman Khan** (Trainee Assistant Officer), **Mr. Aminul Islam** (First Assistant Vice President), **Mahadi Hasan** (Executive Officer) of Mercantile Bank Limited for sparing their valuable time in giving me the information and the opportunity to work with them. I gathered practical knowledge that was needed in order to make this internship program successful.

I also want to express my sincere gratitude to all of the employees of Mercantile Bank, Mohakhali Branch for their cooperation. I thanked modern technology for making information available for us and make our life so easier as well as provide as much as information as one needs.

I am grateful to all those people who have at least minimum effort and contribution to complete report. I feel so much lucky to get their co-operation.

EXECUTIVE SUMMARY

In today's world Bank becomes an essential part in our life. It acts as safeguard of our wealth. Numbers of banks are increasing. That's why competition is increasing also day by day. At today's competitive age Mercantile Bank creates its image through its services to the customers.

Mercantile Bank Limited (MBL) has started its operation on 2nd June 1999. Numerically it is no doubt just another commercial bank, one of the many now operating in Bangladesh, but the founders are committed to make it a little more different and a bit special qualitatively. This bank has new vision to fulfill and a new goal to achieve. It will try to reach new heights for realizing its dream.

Mercantile Bank Limited – Banglar Bank, is not a mere slogan. The Bank has been manned with talented and brilliant personnel, equipped with most modern technology so as to make it most efficient to meet the challenges of 21st century. As regard the second slogan of the bank efficiency is our strength is not a mere pronouncement but a part of our belief which will inspire and guide us in our long and arduous journey ahead.

I have worked in Mohakhali branch of Mercantile Bank Limited, as an intern. So in this report I mainly focus on the activities, problems and solutions of this branch.

In this report at first I described MBL as a banking organization and then analysis background and development of the bank. The report provides a general view on Mercantile Bank Limited, theoretical aspects related to general banking as well as gives an idea about customer services provided. But I mainly describe those general banking services that are available at Mohakhali Branch. Here I also discuss the credit department and foreign exchange services in short.

This study also tries to clarify the operating procedures of general banking department of MBL as a commercial bank and also tries to identify some aspects of further improvement in operations. I have included various points inside the report to highlight the general banking sector's performance of Mercantile Bank Limited.

At last, I find some problems of the bank that are hurdles to the improvement of this bank. To overcome these problems, I have suggested some recommendations and conclude the report.

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Chapter 1

Introduction

Banking system is playing a crucial role in a nation's economy in modern society. Banking institution is indispensable in today's world and is very essential in the economic development of a country. Against the background of liberalization of economic policies in Bangladesh, Mercantile Bank Limited emerged as a new commercial bank to provide efficient banking services with a view to improve the socio-economic development of the country.

The bank brings up a broad range of financial services to its customers and corporate clients. The Board of Directors consists of renowned personalities from the sphere of commerce and industries of the country.

Banking operation in Bangladesh

The banking system began to grow in Bangladesh from the British and Pakistan periods. There were only 25 banks in 1901 and the number became 668 in 1946. Creation of Pakistan was a deterrent in the sector as was evidenced by the closure of bank branches, which came down to 148 in 1950. In 1965, the number increased and became again 545. Subsequent years showed dramatic changes in the situation and the number of bank branches increased to 1025 in 1970.

The banking system in Bangladesh started functioning with 1130 branches of 12 banks inherited from Pakistan. Subsequently these banks were nationalized and renamed after being merged into six banks. The new names of the banks were SONALI BANK (The national bank of Pakistan), AGRANI BANK (Habib Bank, commercial bank), JANATA BANK (United Bank, Union Bank), RUPALI BANK (Australasia Bank, Eastern Mercantile Bank) and UTTARA BANK (Eastern Banking Corporation).

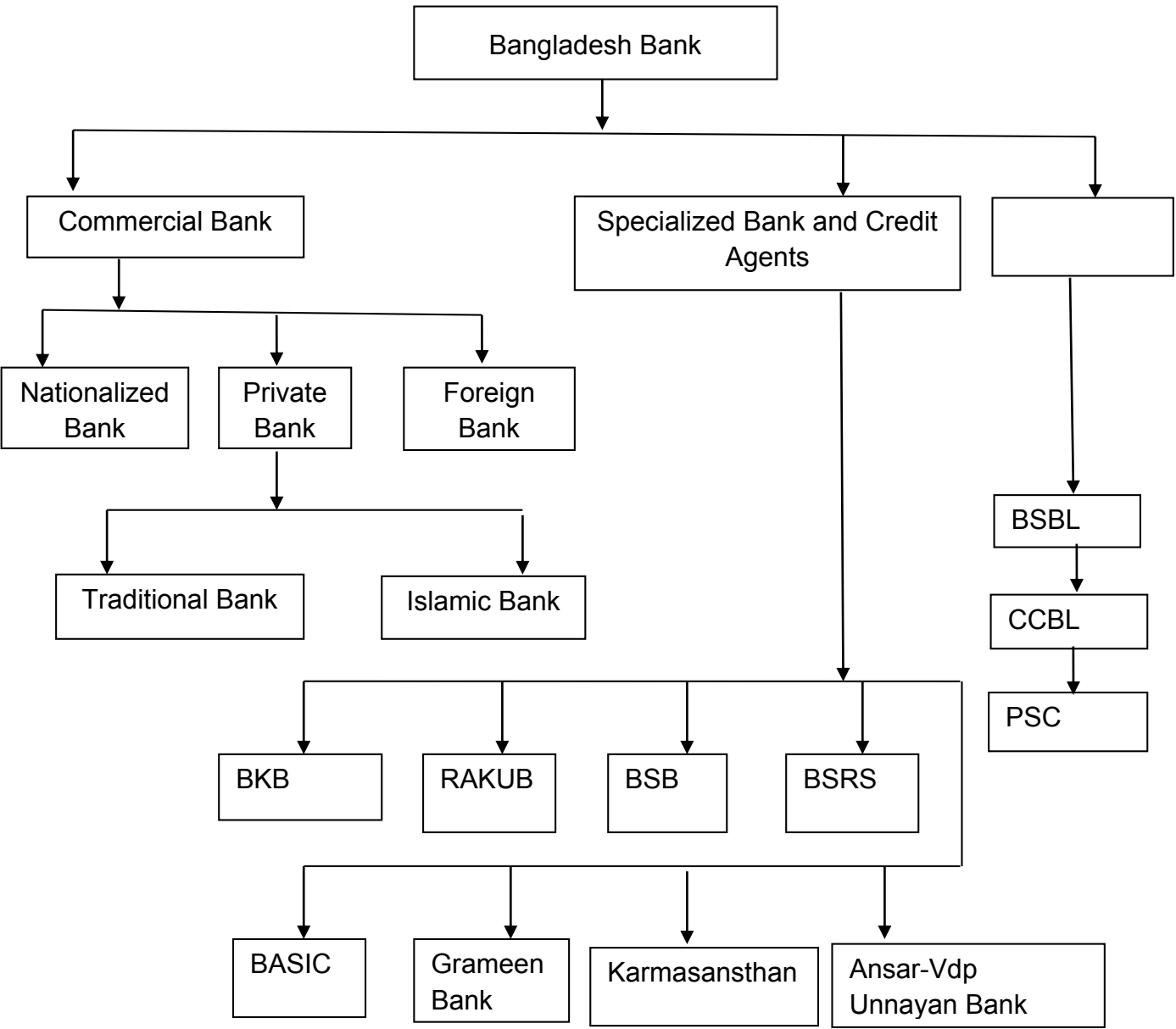


Figure: Banking operation under BB

History

Mercantile Bank limited emerged as a new commercial bank to provide efficient banking services and to contribute socio-economic development of the country. Mercantile Bank Limited is a scheduled Bank under the private sector in Bangladesh formed with the bank company act 1991, the rules and regulation issued by the Bangladesh Bank, the company Act1994, the securities and exchange rules 1987 and other applicable laws and regulations in 1999. The Bank commenced its operation on June 2, 1999. The first branch was opened at 61, Dilkusha Commercial Area in Dhaka on the inauguration day of the Bank. The number of branches of the bank stood at 35 at the end of 2006 of which 27 branches are located at major trade centers of the country while remaining 8 branches are at the rural areas of the country with more than 700 employees. During this short span of time, the Bank has been successful in positioning itself as a progressive and dynamic institution in our country.

The authorized capital of the bank was BDT 1,200.00 million of 12,000,000 ordinary share of BDT 100 each as of June 2006. The shares of the bank have been listed both in Dhaka Stoke Exchange and Chittagong Stoke Exchange and being treated at price higher than the book value.

As per guideline of Bangladesh Bank, the Bank adopted BIS (Bank for International Settlement) risk adjusted capital standards of measure capital adequacy. The Bank's capital adequacy ratio stood at 10.39% 2005 as against 10.24% in 2004.

The bank has acquired 150000 shares of International Development and Leasing Company of Bangladesh Limited (IDLC) from International Finance Corporation (IFC), sponsor of IDLC. This shareholding represents 10% of IDLC's share capital, The Bank acquired each share at BDT 863.00 against the face value of BDT 100.00, Market price per share of IDLC stood at BDT 1007.25 as of December 2005.

The Bank provides a board range of financial services to its customers and corporate clients. About 30 famous and renowned Industrialists came forward to establish this bank. The Board of Directors consists of eminent personalities from the realm of commerce and industries of the country.

The Bank is manned and managed by qualified and efficient professionals. **Md. Abdul Jalil** selected, as a Chairman of the board of directors and **Mr. Shah Md. Nurul Alam** is the Managing Director and CEO of the bank. He brings with him a wealth of experience of managing private sector banks in the country. The board of directors consists of 13 members.

The Bank purchased a land measuring 1 bigha 2 chattaks located at Gulshan, Plot 3, Block CEN (C), Gulshan Avenue, Gulshan, Dhaka 1212, Municipality Holding 105, Gulshan Avenue, Gulshan during the year 2005 for Bank's own use. The land is under litigation and possession of the land is yet to be taken. In this connection a provision has been made as per Bangladesh Bank's instruction.

Timeline of the Mercantile Bank:

December 28, 2006.	Opening of 35th branch at Sapahar (Naogaon).
December 28, 2005.	Opening of 28th branch.
May 15, 2005.	Retirement of 5 sponsors Director of the bank after 6 consecutive years.
December 29, 2004.	Opening of 25th branch.
February 26, 2004.	Listed in Chittagong Stock Exchange.
February 16, 2004.	Listed in Dhaka Stock Exchange.
December 24, 2003.	Opening of 20th branch.
October 21-22, 2003.	Subscription of Share.
June 30, 2003.	Publication of Prospectus for IPO.
June 03, 2002.	Opening of 15th branch.
March 27, 2001.	Get permission to start business at Khatungonj.
October 29, 2000.	Opening of 10th branch.
June 02, 1999.	Commencement of Business.
May 20, 1999.	Incorporation of the Bank.

Assets of Mercantile Bank Limited:

Number of Employees	1962
Number of Braches	100
Number of ATMs	127
Number of Credit Cards	5,017
Number of Debit & Prepaid Cards	71800
Total Assets (BDT in Million)	168,474.13
Number of Subsidiaries	02

Product and Services

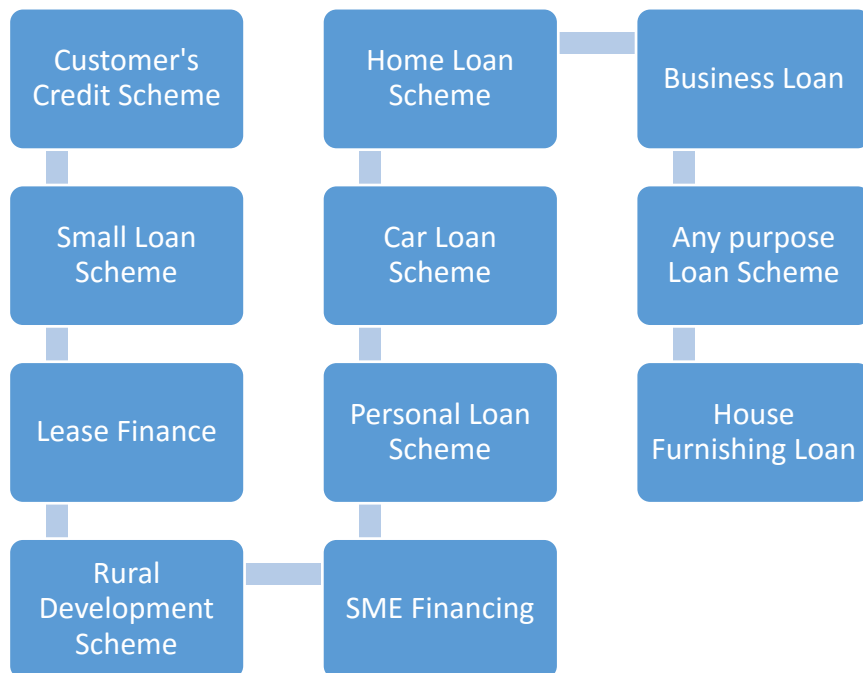
General Banking & Deposit Management:

1. Account opening and KYC procedures.
2. Issuance of DD/TT/PO.
3. Account section
4. Cash section
5. Clearing Section
6. IT Section
7. Dispatch section
8. Locker

Credit Department

1. Credit Proposals Processing Procedures.
2. Documentation and Loan Disbursement Procedures.
3. Overview on all returns.

Schemes under Credit



Foreign Exchange Department

I. Cash L/C

1. Opening of L/C.
2. Lodgment of Import Bill.
3. Payment against Import Bill.
4. B/E Matching.
5. IMP Reporting.

II. BTB L/C

1. Export L/C Checking.
2. Opening of BTB L/C (Local/ Foreign/ EDF/ EPZ).

3. Lodgment and confirmation of maturity date.
4. Allowing of PC.
5. Payment against realization of Export Proceeds/ Forced Loan.
6. B/E Matching.
7. Reporting.

III. Export

1. Scrutinizing/ Negotiation/ Send on Collection.
2. Follow-up.
3. Realization.
4. Reporting.

IV. Foreign Remittance

➤ Inward

1. FDD.
2. FTT.
3. Others.

➤ Outward

1. Endorsement of Traveling.
2. Education/ Treatment/ Others.
3. Cash Rebate.
4. FC issuing.
5. FDD/ FTT

Corporate Structure of MBL

Board of directors, the apex body of the bank, is responsible for formulation of policy, providing plans and supervising the performance of the management as well as accountable to its customers and shareholders. The board is assisted by the executive and audit committee.

Board of Directors

➤ **Chairman:** Morshed Alam, M.P

➤ **Vice Chairman:**

1. S. M. Feroz Alam
2. M. S. Ahsan

➤ **Directors:**

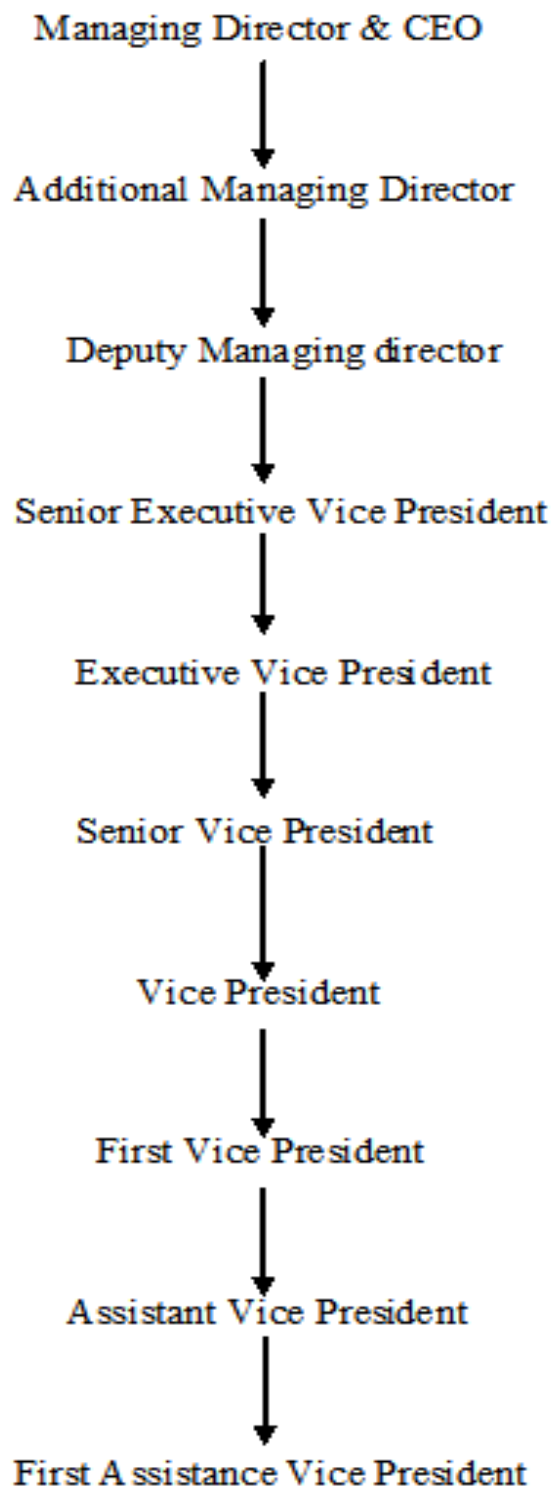
1. Alhaj Akram Hossain
2. Dr. Mahmood Osman Imam
3. Md. Shahabuddin Alam
4. Md. Anwarul Haque
5. M. Amanullah
6. Md. Abdul Hannan
7. Mohd. Selim
8. A.K.M. Shaheed Reza
9. Al-Haj Mosharref Hossain
10. Dr. Md. Rahmat Ullah
11. M Ehsanul Haque

➤ **Managing Director & CEO**

A.K.M Shahidul Haque

Organogram

The hierarchy of The Mercantile Bank Limited is as Follows:



Vision for the future of MBL

Vision:

Would make finest corporate citizen.

Mission:

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

Strategic Objectives:

1. to increase shareholders' value
2. to achieve economic value addition
3. to be market leader in product innovation
4. to be one of the top three financial institutions in Bangladesh in terms of efficiency.
5. to be one of the top five financial institutions in Bangladesh in terms of market share in all significant market segments we serve

Core Values:



Customer delight

Customer satisfaction pervades all our activities. We appreciate that Customer's satisfaction is critical for our success.

Innovation

Spurring innovation for reinforcement of our business.

Origination and materialization of change management for attainment of perfection and we believe change is always constant.

Ethical Values

We continue to be responsible, ethical, sincere and transparent in our thoughts and actions.

Caring for Human Resources

Realization of latent potentialities of employees, respecting individual worth and dignity to ensure smooth career progression as well as welfare orientation in Human Resources management policy and practices.

Commitment

We always keep high on the agenda our commitment towards valued depositors as their trustworthy custodian and to maintain the same spirit for all other stakeholders.

Socially Responsible

Constant endeavor to act and respond in a socially responsible manner keeping in mind society and our country.

To care for our environment.

Shareholders Value

Creation and Maximization of values for our shareholders.

Corporate Priorities:

1. Ensure customers satisfaction by meeting their demands with excellent customer services
2. Enlarge customer's freedom by designing need based banking products and services
3. Manage credit risk by diversified loan portfolio with emphasis on SME and Agriculture financing
4. Mitigate different risks through efficient risk management techniques
5. Strengthen internal control and compliance (ICC) system to establish a very systematic and effective compliant culture
6. Combination of skilled human resources and state-of-art technology in providing banking services
7. Focus on green banking by ensuring eco-friendly financing
8. Corporate clients credit rating to remain compliant in terms of regulatory capital requirement
9. To be transparent, accountable and trustworthy in all aspects of our banking activities

Corporate Philosophy:

Our customers, employees and shareholders are equally important to us. We want to achieve strong corporate growth through FINANCIAL INCLUSION. We provide solutions at a minimum cost based on a high level of satisfaction of all segments of our customers, thus also contributing to the prosperity of our employees and shareholders. With a firm commitment to provide solutions, we are constantly developing innovative and technologically advanced products and services that satisfy our customer needs. We offer cutting edge compensation package and good work environment to our employees. We never forget our shareholders to make them pleased with financial well-being and increase their shares value. This has given us a path to the growth and progress.

Chapter 2

Job Responsibilities

Nature

During my 3 months' intern period I have worked in general banking more than 2 months. I was assigned to do some particular works;

1. Fill the customer KYC form: KYC means 'Know Your Customer'. To open any account this form is essential. And I had to fill up all type of forms and complete the full form for the posting in the software.
2. Sorting out of cheque book and DPS voucher: During the deposit time of DPS amount I was consigned to sort out the different amount of DPS so that the officers of the bank can easily give entry of the DPS.
3. Data entry at the register book: My daily routine was put the data entry of savings voucher in the register book. Besides this I also made the data entry of pay order at the register.

Critical analysis and recommendation

During my full intern period I faced some problems because of the bank's typical system. That's why I will discuss my findings of the problems and try to give some suggestions according to my point of view:

1. KYC form is very important to assess the customer. But manually filling of the form by the intern, the bank actually slows down its system and make wastes of the time. Instead of filling the form by hand, the bank can introduce a developed software by which the customer himself can fill up the form. By this process the officers don be bothered for filling the form. At the same time, they can save their time since they don't have to put entry the in formations of the customer.
2. And the bank can give the customer their own ID and password so that customers themselves can check their balance and take statements. Because

I observed checking balance and taking statements loss a lot of time of the officers.

3. The bank doesn't allow the intern's access in their software. But it only increases their load. At the same time the interns cannot learn anything properly. I think, they can allow the interns a certain limit of access in their software. If they permit the interns to their software, interns can post the IPO information, DPS posting, provide services to the customers by checking balance and statement. In this way, their officers will also be freed from some of the loads.

Chapter 3

Summary of the project:

As the student of BBS (Brac Business School) I need to conduct a practical orientation on any organization for fulfilling the requirement of this program. For this purpose, I have chosen Mercantile Bank Limited (MBL). I want to present here the overall banking services that are provided by mercantile bank. Within 3 months' internship I have worked in general banking sector for two months. That's why, the report mainly focuses on general banking sector. While working in this organization I have observed some important issues related to the development of the bank. The entire general processes are not fully computerized. So, services cannot be provided very smoothly. The cash counter is congested and the procedure is also traditional. There is no computer in Accounts opening section and Remittance system. That's why, the service is not as prompt as the customer's need. Lack of variety of services is also a drawback of the general banking area of the bank. It only provides some traditional services to its client. So the bank is falling behind in competition.

They are not using Data Base networking in IT. So they have to transfer data from branch to branch and branch to head office which of course is not a good system. So they have many problems which they should focus for further development. Otherwise they will not be able to cope up with the competitive economy of the country. I have recommended a lot of things in this report. In general, they should introduce digital system rather than manual in every department. And of course they should develop their technological system. Because other banks like Dutch-Bangla Bank, Eastern Bank, Brac Bank become more developed technologically. They have started digital system in favor of customers. Mercantile Bank has also some strength which can be used for solve these problems.

The bank has the very strength in its slogan. Mercantile Bank Limited – Banglar Bank, is not a mere slogan. The Bank has been manned with talented and brilliant personnel, equipped with most modern technology so as to make it most efficient to meet the challenges of 21st century. As regard the second slogan of the bank efficiency is our strength is not a mere pronouncement but a part of our belief which will inspire and guide us in our long and arduous journey ahead.

Objective of the Study:

The main objective of the report is to complete my internship and also to obtain an understanding of the practical banking activities and relate them with theoretical knowledge that I gained through the theoretical learning in the university and from various documents of the bank. Objectives of the study are summarized in the following manner:

1. Know about the overall banking sector in Bangladesh
2. Identify the present state of MBL
3. Different banking activities in MBL
4. Define the strategy and objectives of the banks.
5. Discuss management style and organizational structure of Mercantile Bank Limited.
6. Discuss the product and services of Mercantile Bank Limited.
7. Give the necessary suggestions for the improvement of the quality of services.

Scope of the Study

I have gone to Mercantile Bank Limited, Mohakhali Branch for completion of the internship. But the scope of the study is only limited to this branch. I got the opportunity to learn different part of banking system. My supervisor divided the whole banking system in three parts so I got the opportunity to work in all the three divisions (General Banking Division, Credit Division and Foreign Exchange Division). But My main task was confined to general banking. That's why I have prepared the project paper on "General Banking". As an intern my scope was very limited because they do not allow interns in their software access. But there were some scopes for everyone including interns such as; good communication system, information availability, good working environment etc.

Methodology

To collect data for my report my observation plays very important role. Besides this I will also depend on my working. Information about organization will be collected from different published articles, brochures, web site and previous internship report. The sources of information are:

- Observing the total situation
- Operational procedure of the bank
- Conversation with the officials.
- Data from company documents and bank's annual report
- Discussion with different clients
- Routine activities of the bank
- Bank's brochure
- Some textbooks.
- Internet searching

Limitations

The report is presented on the basis of my work and information provided by the bank. Though, Mercantile Bank Limited organizational environment was very helpful, but I had to face some limitations due to their security related problems, such as;

- ✓ Time was too short.
- ✓ Different types of tasks operated by the bank.
- ✓ Due to some risky monetary transaction information was confidential because of which they could not provide enough information.
- ✓ The secondary data that have been observed in a form was not very helpful for the project paper.
- ✓ Due to the safety and security reasons, access to all the confidential data was not obtained.

Chapter 4

General Banking Department of MBL

Bangladesh is one of the developing countries. So, the economic development of the country largely depends on the activities of commercial banks.

In today's world banking activities is not only limited to collect deposits from one and disburses loans to others. It requires providing various services to entities to facilitate their business operations. Mercantile Bank Limited has emerged a third-generation bank that has progresses in every year. General banking of this branch is consists of different sections namely Account opening section, Accounts, Cash section, etc. For proper functioning and excellent customer care this department is divided into various sections as follows:

1. Accounts Opening Section
2. Deposit schemes
3. Remittance Section
4. Accounts Section
5. Clearing House
6. Cash Section
7. Dispatch

1. Accounts Opening Section:

The bank's main service is to help with the daily financial transactions of the customers. Account opening is the first step to build a relationship between a banker and a customer.

When the customer wants to open an account he/she requires collecting the form from the bank. The account opening officer in the general banking verifies the information provided by the customer and the documents. Once the customer has fulfilled all the criteria, the officer opens the account.

The bank ceils the amount of transaction that can be made by a customer. This is called KYC, i.e., customer transaction profile.

MBL has the following types of accounts:

1. Current Account
2. Savings Account
3. Fixed Deposit Account
4. Special Noticed Deposit Account

Current Deposit (CD) Account

Current Deposit Account is the net flow of current transactions with no restriction. It is an easy-to-use, convenient current account. Current Deposit Accounts are suitable for those customers who need unlimited transactions because of no restriction on withdrawal either in amount or in frequency. There is no interest rate in this account.

Different types of Current Deposit:

1. Individuals
2. Two or more persons jointly
3. Sole Proprietorship Concerns
4. Partnership Firms
5. Limited Companies (Both Public and Private)
6. Societies / Clubs / Associations / Local Bodies
7. Govt. / Semi Govt. Offices / Corporations / Autonomous bodies.
8. Banks
9. Others.

Required Documents:

1. Name of applicant(s) together with name(s) of parents and spouse(s)
2. Present and Permanent Address
3. Date of Birth
4. Nationality
5. TIN (if any)
6. Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving Licence / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Parishad
7. Two copies of recent passport size Photographs of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder
9. Copies of Utility Bills, viz. Electricity Bill / Land Phone bill / Cell Phone Bill / Gas Bill / WASA Bill, etc. in the name of applicants.

This account has been designed and developed for savers who want to save their income. There are restrictions of withdrawal in both amount and frequency. Here the interest rate is 5.00%.

Savings (SB) Account

This account has been designed and developed for savers who want to save their income. There are restrictions of withdrawal in both amount and frequency. Here the interest rate is 5.00%.

Different types of Savings Account

1. Individual (Single).
2. Two or more individuals (joint) who are not partners
3. Minor jointly with Natural / Legal Guardian
4. Clubs / Societies / Associations or Similar Institutions / non-profit organizations

Required Documents:

1. Name of applicant(s) together with name(s) of parents and spouse(s)
2. Present and Permanent Address
3. Date of Birth
4. Nationality
5. TIN (if any)
6. Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving License / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Parishad
7. Two copies of recent passport size Photographs of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder
9. Copies of Utility Bills, viz. Electricity Bill / Land Phone bill / Cell Phone Bill / Gas Bill / WASA Bill, etc. in the name of applicants.

Fixed Deposit (FDR) Account

Unlike CD, SND and SB account, Branch shall accept deposit of fixed amount of money from the customers for a fixed period of time with interest under the term plan time to time. FDR is neither Transferable nor Negotiable and as such payment against this instrument with interest shall normally be made to the depositor on maturity. Payment against FDR can also be made to nominee or assignee after observing essential formalities.

Different types of FDR Account:

1. Individuals
2. Two or more persons jointly
3. Sole Proprietorship Concerns

4. Partnership Concerns (Firms)
5. Limited Companies (Both Public and Private)
6. Societies / Clubs / Associations / Local Bodies/Govt./Semi Govt. organization etc.

Opening of Fixed Deposit Account:

Any Bangladeshi National (Adult, sound-minded having bonafide income) and institutions / organizations incorporated and operating in Bangladesh who are not adjudicated as insolvent by any Court of Law of the land can open Fixed Deposits Account for fixed tenure with any amount but not less than BDT 10,000 (Ten thousand).

FDR Rates:

Period	For any Amount
01 Month	5.00%
3 Months	6.50%
6 Months	6.75%
12 Months	7.00%

Required Documents:

1. Name of applicant(s) together with name(s) of parents and spouse(s)
2. Present and Permanent Address
3. Date of Birth
4. Nationality
5. TIN (if any)
6. Duly attested photocopy of valid Passport / Employer’s Certificate / ID Card / Driving Licence / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Parishad

7. One copy of recent passport size Photograph of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder

Special Noticed Deposit Account

Any individual or corporate body can open Special Notice Deposit Account, which is an interest bearing deposit account, for a short period of time. However, 7 days of notice is required if the customer wishes to withdraw money from this account.

Interest rate on SND accounts will be varied based on the amount and not on the customer or tenure.

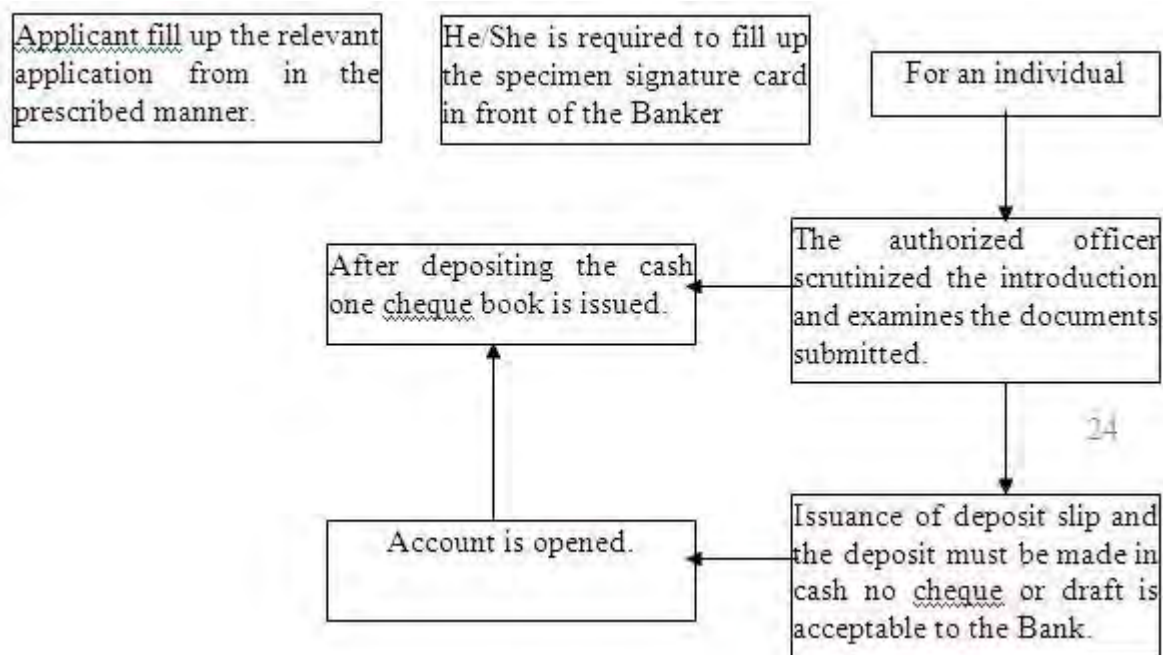
Features and Benefits:

1. Attractive Interest Rates
2. Customer has to notify 7 days before withdrawing money
3. MICR Cheque Book with every SND account is a must
4. Minimum Balance Fee: NIL
5. Service Charge: NIL
6. Incidental Charge Ledger Fee: NIL
7. Account Maintenance Fee: Maximum BDT 500.00 Only (half yearly basis)
8. Account Closing Fee: Maximum BDT 300.00 Only

Charge

BDT 1 Lac to Less than BDT 1 Cr.	BDT 1 Cr. to less than BDT 25 Cr.	BDT 25 Cr. to less than BDT 50 Cr.	BDT 50 Cr. to less than BDT 100 Cr.	BDT 100 Cr. and above
4.00%	4.50%	5.00%	5.50%	6.00%

Procedure to open an Account in Chart



2. Deposit Schemes

Bank is the largest organization of mobilizing surplus domestic savings. Savings help capital information and capital information help investments in the country. The investment in its turn helps industrialization leading towards creation of wealth of the country which takes the country on road to progress and prosperity.

The savings rate in Bangladesh is one of the lowest in the world rate of domestic saving being 17.78%. In order to improve the saving rate, Financial Institutions responsible for mobilization of savings should offer attractive Saving Schemes so that the marginal propensity to save increases. The savings do not, depend only on the quantum of income but largely depend on the habit of savings of the people.

MBL has formulated the following Savings Schemes:

1. Double Benefit Deposit Scheme (DBDS)
2. Family Maintenance Deposit (FMD)
3. Monthly Savings Scheme (MSS)
4. Quarterly Benefit Deposit Scheme
5. 1.5 Times Benefit Deposit Scheme
6. Education Planning Deposit Scheme
7. Super Benefit Deposit Scheme

Double Benefit Deposit Scheme (DBDS)

Objectives

1. Give maximum benefit.
2. Help in meeting specific needs like education, marriage etc.
3. Deposit becomes double in 7 Years 6 Months.

Mode

Tenure of the deposit is 7 Years 6 Months.

Rates

Tenure	Effective Interest Rate
7 Years 6 Months	9.69%

Other Features

1. The Minimum amount of deposit is BDT 10,000.00(Ten Thousand) or its multiples.

2. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
3. In case of premature encashment interest will be paid on Saving A/C Rate.
4. Loan may be granted up to maximum 80% of the deposited amount but minimum principle amount must be BDT 20,000.00.
5. Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized.

Family Maintenance Deposit (FMD)

Objectives

1. Help the retired persons for investing their retirement benefits.
2. Create investment opportunities for Non-Resident Bangladeshi.
3. Explore investment opportunities for school, college, university etc.
4. Give investment opportunities for Trust; Foundation etc.

Mode

1. Deposit a fixed amount of money for a minimum tenure of 03 (Three) year to a maximum tenure of 05 (Five) years.
2. Depositor will get a certain sum of money in each month proportion to his/her deposit during the entire tenure.

Benefits

- Minimum amount of required deposit is TK.50,000.00 or its multiple

Rates

Particulars	Rate
FMDS	8.73% (3-5 years, Tk. 700/- per Lac)

Other Features

1. The Minimum amount of deposit is BDT 50,000.00 (Fifty thousand) or its multiples.
2. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
3. In case of premature encashment interest will be paid on Saving A/C Rate.
4. A saving account will be needed to be maintained to receive quarterly benefit payment.
5. Loan may be granted up to maximum 80% of the forced encashment value on the date of loan processing. During the period of continuation of loan, monthly benefits of FMD account will be credited only to loan account.
6. Loan processing fee be realized BDT 50.00 only and stamp costs also be realized.

Monthly Saving Scheme (MSS)

Objectives

1. Build up habit of savings.
2. Attract small savers.
3. Savings for rainy days.

Mode

Monthly installments sizes are 250, 500, 1000, 1500, 2500, 5000 and in multiples of 5000 up to BDT 25000.

Installment & Benefits

Period	Simple Interest Rate	Effective Interest Rate
3 Years	9.004%	9.38%
5 Years	9.004%	9.38%
8 Years	9.004%	9.38%
10 Years	9.004%	9.38%

Other Features

1. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme
2. In case of pre-mature encashment before 05 years, interest will be paid on Savings Account Rate. But in case of early encashment before 08 or 10 years the depositor will get full benefit up to previous slab and Savings Account Rate for each subsequent year; no interest will be paid for fraction year
3. Upon deposit of installment for at least 01 year (minimum deposit amount must be BDT 12,000.00) under this scheme, loan may be granted up to maximum 82% of the deposited amount
4. Loan processing fee be realized BDT 50.00 only and stamp costs also be realized

Quarterly Benefit Deposit Scheme

The 'Quarterly Benefit Deposit Scheme' will be maintained for a period of 3 (three) years and the minimum amount of deposit is BDT 50,000.00 (fifty thousand) or its multiples. Interest will be paid on quarterly basis as per example given below. On maturity the principal amount will be paid back.

Rates

Particulars	Rate
QBDS	9.06% (Tk. 2,175/- per Lac)

Other Features

1. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme
2. In case of premature encashment interest will be paid on Saving A/C Rate. However, no interest shall be paid if premature encashment take place before expiry of 1 (one) year.
3. In the event of death of the depositor before the maturity, the deposit account may be encased (premature) as per rule or may be continued up to maturity on written approach by the nominee(s).
4. A saving account will be needed to be maintained to receive quarterly benefit payment.
5. Loan may be granted up to maximum 80% of the forced encashment value on the date of loan processing. During the period of continuation of loan, quarterly benefits will be credited only to loan account
6. Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized.

1.5 Times Benefit Deposit Scheme

Under the '1.5 Times Benefit Deposit Scheme' a deposit of minimum BDT 50,000.00 (fifty thousand) or its multiples will be received for a period of 54 months (4 years & 6 months). On maturity after 54 months (4 years & 6 months), 1.5 times of the deposited amount will be paid back to the account holder.

Other Features

1. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
2. In case of premature encashment interest will be paid on Saving A/C Rate. However, no interest shall be paid if premature encashment take place before expiry of 1 (one) year.
3. In the event of death of the depositor before the maturity, the deposit account may be encased (premature) as per rule or may be continued up to maturity on written approach by the nominee(s)
4. A saving account will be needed to be maintained to receive quarterly benefit payment.
5. Loan may be granted up to maximum 80% of the forced encashment value on the date of loan processing. During the period of continuation of loan, quarterly benefits will be credited only to loan account.
6. Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized.

Education Planning Deposit Scheme

This scheme is formulated with a view to meet the responsibility of initiating measures to ensure social sustainability. It is unanimously resolved that 'Education is the backbone of a nation'. Thus helping to promote the education is virtually aiding to build the nation and thus forming a sustainable society wherein, the Bank eventually

operate. In the long run, this would indeed aid the Bank to achieve steady and sustainable growth and enhance shareholders' value. Furthermore, Bank's declaration to bear all expenses relating to death of the customer would also broaden the Bank's Corporate Social Responsibility (CSR) as well.

Rates

Particulars	Rate
EPDS	9.27%

Features

1. Minimum installment amount per month will be BDT 1,000.00 (One thousand) or multiples thereof.
2. **Interest Rate:**
 For 10 years – 8.90% monthly rest basis, Effective Rate: 9.27%
 For 15 years – 8.90% monthly rest basis, Effective Rate: 9.27%
3. Minimum Tenor of this scheme is 10 years and Maximum 15 years.
4. This scheme has two period
 - a. Deposit periods: Customer will deposit for 10/15 years
 - b. Monthly benefit period: Customer is entitled to monthly benefit.
5. At maturity account holder will be paid 140% of the installment for further 10 years for 10 years' scheme and 270% of the installment amount for further 15 years for 15 years' scheme.
6. Customer will be entitled to receive BDT 1.80 lakh and BDT 3.30 lakh per BDT 1,000.00 (one thousand) installment for maturity at 10 and 15 years respectively, if opt for onetime benefit rather than monthly benefit.
7. At the end of monthly benefit period customer will be paid back his/her deposited amount i.e. BDT 1.20 lakh for 10 years and BDT 1.80 lakh for 15 years for installment size of BDT 1,000.00 (one thousand) only.

8. For pre-mature encashment during the monthly benefit period amortization amount (onetime due less deposited amount divided with number of monthly benefit entitlement year) will be deducted for each year of lapse. Any fraction year will be treated as later/next round year (Example: one day after year two will be treated as 03 years)

Super Benefit Deposit Scheme

This scheme has been formulated with a view to gain an upper hand in the market in terms of Deposit collection.

Rates

Particulars	Rate
SBDS	8.14% (Tk. 1,000 per month per 170,000/-)*

Features

1. Minimum Deposit amount would be BDT 170,000.00 (One Lac Seventy Thousand) or multiples thereof
2. The tenor of the scheme would be one (1) year and renewable at mutually agreed rate.
3. Customer will not be entitled to any interest in case of pre-mature encashment i.e. all benefits given will be deducted from principal.
4. Benefits can be drawn monthly / quarterly / half yearly or at maturity
5. Benefits will be transferred to the SB/CD or any other account where the benefit(s) will be transferred.
6. Scheme holder is entitled to benefit from the next month of account opening

7. A separate prefix number (provided by our IT division) should be used for this scheme
8. Scheme holder will be given a Deposit Receipt after account opening and is non-transferrable
9. Those who have a valid TIN number don't need to pay tax.

Issuing Cheque Book to the Customers

- a. Issuance of Cheque Book (For New Account)
- b. When a new account is opened and the customer deposits the minimum required money in the account the account opening form is sent for issuance of a Cheque book.
- c. Respected officer first draws a Cheque book kept under his own disposal. (S) He then sealed it with branch name.
- d. (S) He enters the number of the cheque Book in Cheque Issue Register. (S) He also writes down the name of the customer and the account number in the same Register.
- e. Account number is then written down on the face of the Cheque Book and on every leaf of the cheque book including Requisition Slip.
- f. The name of the customer is also written down on the face of the Cheque Book and on the Requisition slip.
- g. The word "Issued on" along with the date of issuance is written down on the requisition slip.
- h. Number of Cheque book and date of issuance is also written on the application form.
- i. Next, the customer is asked to sign in the Cheque book issue register.
- j. Then the respected Officer signs on the face of the requisition slip put his initial in the register and hand over the Cheque to the customer.

Issuance of Cheque Book (Existing Account)

- A. All the procedure for issuing a new cheque book for existing account is same as the procedure of new account. only difference is that customer has to submit the requisition slip of the old cheque book with date, signature and party's address. Computer posting is then given to the requisition slip to know the position of account and to know how many leaf/ Leaves still not used. The number of new check book is entered on the back of the old requisition slip and is signed by the officer.
- B. If the cheque is handed over to any other person, then the account holder an acknowledgement slip is issued by the bank addressing the account holder with details of the checkbook. This acknowledgement slip must be signed by the account holder and returned to the bank. Otherwise the bank will not honor any cheque from this checkbook.
- C. At the end of the day all the requisition slips and application forms are sent to the computer section to give entry to these new cheques.

Transfer of an Account

When an account is transferred from one branch to another, the account opening form etc. signed at the time of opening account and any forms or documents signed subsequently which are necessary for its proper conduct at the time of transfer, must be forwarded under cover of form, to the branch to which the account is transferred. Specimen signature card(s) and standing instruction if any must also be transferred. No charge is taken on such transfer.

Closing of an Account

A banker can close the account of his / her customer. The stoppage of the operation of the Account can be under the following circumstances:

- A. Notice given by the customer himself
- B. Death of customer

- C. Customer' s insanity and insolvency
- D. Order of the court / Injunction of the court
- E. Gamishee Order.

An application to close the account from customer is received.

Signature must be verified by the respective officer. The following activities are the part and parcel of account closing:

- Draw amount Tk.100 for all A/C as closing charge.
- Cheque book or outstanding cheque leaf (if any) is destroyed.

3. Remittance Section

Cash handling from one place to another is risky. So, bank remits funds on behalf of the customers to save them from any mishaps through the network of their branches. There are four modes of remitting money from one place to another. These are–

- Pay Order (PO)
- Demand Draft (DD)
- Telegraphic Transfer (TT)

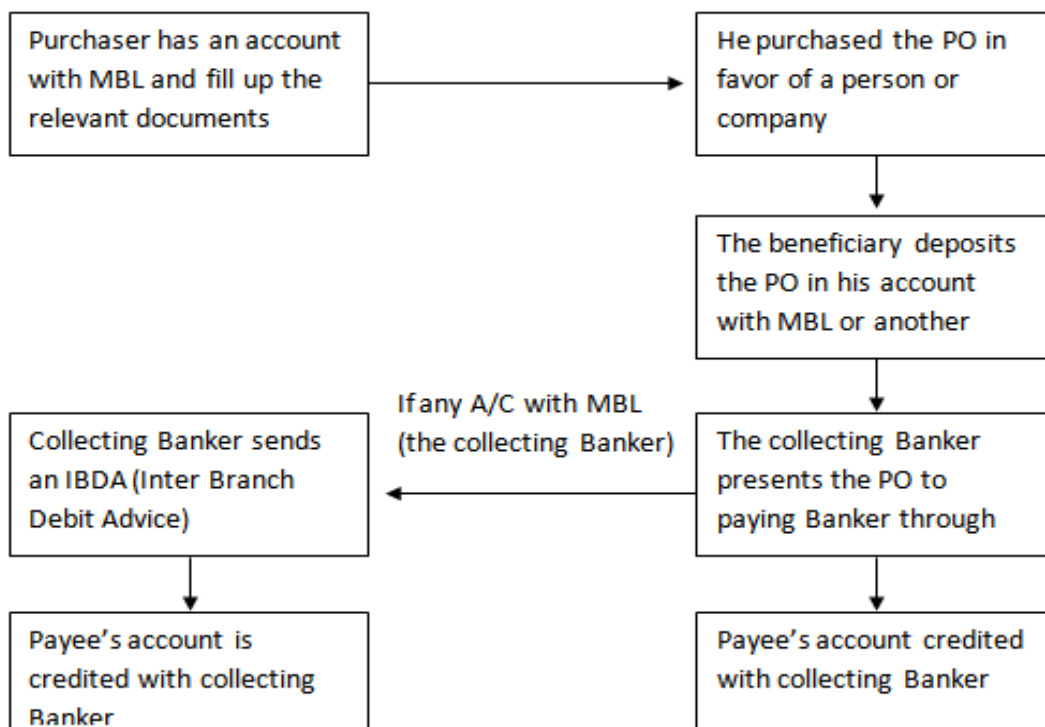
Pay Order(PO):

Pay order is an instrument which is 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/firm/organization/ department office within the same clearing house arena of the pay order issuing branch. There is no possibility of dishonoring pay order because before issuing P.O., bank seizes the money of the pay order in advance. P.O. is issued regionally or in the same city which is generally used in tender, bids, earnest money etc.

Procedure for Issuing PO:

1. Customer is supplied with PO form
2. After filling the form, the customer pays the money in cash or by cheque
3. The concerned officer then issues PO on its specific block. This block has three parts; one for bank and other two for the customer. 'A/C Payee' crossing is sealed on all Pay Orders issued by the bank
4. The officer then writes down the number of the PO block on the PO form
5. Two authorized officers sign the block.
6. At the end, customer is provided with the two parts of the block after signing on the back of the Bank's part.

How PO WORKS:



Procedure of Payment of PP:

1. Examine genuinely the pay order
2. Enter into PO register and give contra entry
3. Debit if fund OK for payment.

As the PO issued by the bank is crossed one, it is not paid over the counter. On the contrary, the amount is transferred to the payee's account. To transfer the amount, payee must duly stamp the PO.

Commission and VAT on PO:

Amount	Commission		VAT
Up to Tk. 10,000	@ 20%	Tk. 25	4
From 10,001 to 100,000	@ 20%	Tk. 50	8
From 100,001 to 500,000	@ 20%	Tk. 100	15
Above Tk. 500,000	@ 20%	Tk. 150	23
Cancellation or Duplicate Issue of Pay Order		Tk. 100	

Demand Draft(DD) Issue

Sometimes customers use demand draft for the transfer of money from one place to another. For getting a demand draft, customer has to fill up an application form which contains date, name, and address of the applicant. There also contains signature of the applicant, cheque number (if cheque is given for issuing the DD), draft number, name of payee, name of the branch on which the DD will be drawn and the amount of the DD. The form will be duly signed by the applicant and by the authorized officer. MBL charges .15% commission on the face value of DD as service charge.

Process of issuing Local draft:

Followed procedures are followed while issuing local draft-

- ❖ Get the application form properly filled up and signed by the applicant.
- ❖ Complete the lower portion of the form for the bank's use.
- ❖ Calculate the total amount including the bank's commission.
- ❖ If the cheque is presented for of the local draft, the officer should get the cheque duly passed for payment by the authorized person and record the particulars of local draft on the back of the cheque.
- ❖ If the client wants to debit his account for the payment of the draft amount, the officershould get the account holder's signature verified properly, from signature card on recordof the branch and debit clients account for the total amount including commission.
- ❖ The first copy of the application form will be treated as Debit Ticket while the second copy will be treated as credit Ticket and kept by the GB. The third copy is handed over to the applicant as customer's copy.
- ❖ The GB Department maintains a prescribed L.D. Issue Register. All the required particulars of LDs is sued and should be entered in that register duly authenticated.

Issue of Duplicate Draft:

Duplicate Draft is not normally issued unless getting of satisfactory evidence is produced regarding loss of the draft. If the L.D. is reported to be lost or stolen, the issuing branch on receipt of a written request from the purchaser may issue a duplicate draft.

Before issuing duplicate L.D. the branch should observe the followings-

- ❖ Verify the purchaser's signature on the request letter from the signature appearing on the original application form.
- ❖ Immediately issue a stop payment instruction to the drawee branch under advice of head office and obtain confirmation of non-payment the L.D .in acquisition.
- ❖ After the drawee branch has acknowledged the stop payment order and confirmed that the local draft in acquisition remains unpaid at their end, the issuing branch.
- ❖ Should obtain an indemnity Bond on stamp paper as per prescribed format from the purchaser duly signed by him. The branch will thereafter write to head office for their approval to issue a duplicate draft.
- ❖ The head office on receipt of the request from the issuing branch will immediately issue a caution circular to all the branches regarding the lost of the local draft asking them to record stop Payment.
- ❖ The head office will thereafter issue clearance to the issuing branch for issuing for issuing a duplicate draft in lieu of original reported lost.
- ❖ On receipt of the clearance from head office, the issuing branch will issue a completely fresh draft marking clearly the words duplicate issued in lieu of original draft no..... dated in bold letters on the top of the front page of the draft. The printed serial number on the draft should not however be struck off. Intimation should be given to the drawee branch furnishing full particulars of the duplicate draft.
- ❖ The particulars of the duplicate draft must resemble those of the original draft in all respects, i.e., all the particulars to the duplicate draft must be identical with those in the original draft No further IBCA is to be issued for the duplicate draft.

- ❖ Prescribed duplicate issuance charge is to be recovered for issuing the duplicate draft and credited to "Income Account".

Payment of L.D.

payment of L.D. PBL performs the following functions-

- ❖ On receipt of Credit Advice (IBCA) from the issuing branch the receipt amount is credited in responding branch.
- ❖ When L.D. is presented for payment at the paying branch, its details are to be carefully examined with reference to the following points-
- ❖ Whether the draft is drawn on the Local office.
- ❖ Whether the draft is crossed or not. Amount of crossed draft is not paid in cash to the payee but to be paid to his account with a bank.
- ❖ Draft must have to be signed by two authorized officers of the issuing branch. Their signatures are to be verified from the specimen signature book for being sure that draft that the draft is genuine. The verifier should put his initial.
- ❖ Endorsement on the back of the draft must be regular in case the draft is presented through clearing.
- ❖ The amount of the draft should not exceed the amount written in red ink at the top of the draft.
- ❖ The payee is to be properly identified in case of cash payment.
- ❖ The particulars of the draft i.e. the draft number, date, amount and the name of the payee should be verified from the L.D. Payable Register.
- ❖ In case of payment, the draft should be cancelled with red ink. The date of payment should be recorded in the L.D. Payable Register.

Telegraphic Transfer(TT)

Telegraphic transfer is effected by mobile phone, telegram, telephone, telex or Fax as desired by the remitter. Transfer of funds by telegraph is the most rapid and convenient but expensive method. The drawer and the payee should have account with MBL.

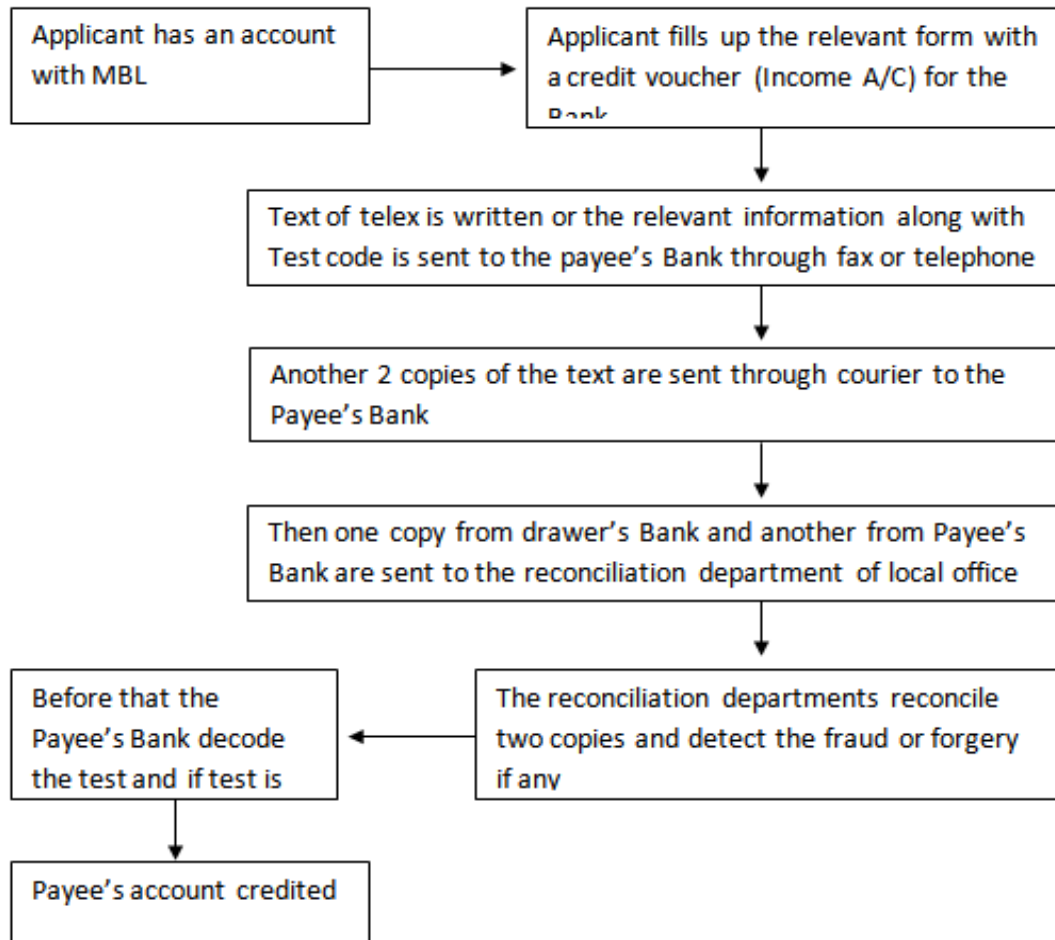
TT is issued against cash, cheque and letter of instruction. All TTs in MBL is sent through mobile phone and Tk. 30 is charged per remittance.

Tk. 1.00 is charged in every thousand Taka. (Tk. 1,000).

Procedure of Issuing TT:

- Customer fill up the TT form and pays the amount along with commission in cash or by cheque
- The respective officer issues a cost memo after receiving the TT form with payment seal, then sign it and at last give it to the customer
- Next a TT confirmation slip is issued and its entry is given in the TT issue register
- A test number is also put on the face of the slip. Two authorized officer signs this slip
- The respective officer transfers the message to the drawee branch mentioning the amount, name of the Payee, name of the issuing branch, date test umber and his/her power of attorney (P.A.) number
- The confirmation slip is sent by post

How TT Works (Outward):



Payment of TT:

- When a TT arrives through telex, it is sent to the respected officer for the verification of the test number. If the test number is OK, the officer write down "Test Agreed" on it and sign it. Otherwise a message is sent back to the issuing branch for the correction of the test number.
- After agreeing the test, the branch issues a debit voucher and a credit voucher debiting the issuing branch and crediting the payee's account. Branch also

issues a credit advice slip addressing the payee informing him/her about the arrival of the money.

- Later on, when the confirmation slip arrives the contra date, on which the payment was made, is put on it and the officer signs it.
- The test number on TT is a security measure for the bankers. The computer section of MBL supplies some arbitrary numbers to each branch of the bank. At the time of issuing the TT, the issuing branch codes the numbers and puts the total figure on the TT voucher. This number is known as test number.

The test is said to be agreed. MBL uses the numbers as –

- One number for issuing branch say———101
- One number for responding branch say—150
- One number for the month of issue say —100
- One number for the day of issue say ——50
- One number for the amount say ——600
- So the test number of the TT is———1001

4. Account Section:

In banking business transactions are done every day and these transactions are to be recorded properly and systematically as the banks deal with the depositors' money. Any deviation in proper recording may hamper public confidence and the bank has to suffer a lot. Improper recording of transactions will lead to the mismatch in the debit side and credit side. To avoid these mishaps, the bank provides a separate department whose function is to check the mistakes in passing vouchers or wrong entries or fraud or forgery. This department is called Accounts Department. Besides these, the branch has to prepare some internal statements as well as some statutory statements, which are to be submitted to the Central Bank and the Head Office. This department prepares all these statements.

Functions of Accounting Department:

We can divide the functions of accounting department into two categories. This are-

a. **Day to day functions:** Here day-to-day function refers to the everyday tasks.

Accounting department of MBL performs the following day to day functions:

- I. Recording of transaction in the cashbook, general and subsidiary ledger.
- II. Preparing the daily position of deposit and cash.
- III. Making the payment of the expense of the branch.
- IV. Recordings of inter branch fund transfer.
- V. Checking whether all the vouchers are correctly passed.
- VI. Recording the voucher in the voucher register.
- VII. Packing and maintains the total debit and total credit vouchers.

b. **Periodical functions:** Periodical functions of accounts department include the preparation of different weekly, fortnightly, monthly, quarterly and annual statement. The accounts department prepares the following statements:

- I. Monthly statement of deposits, loans and advances, profit and loss etc.
- II. Quarterly statement of deposits, loans and advances, profit and loss etc.
- III. Yearly statement of deposits, loans and advances, profit and loss etc.
- IV. Yearly statement of classified Loans and Advances.
- V. Statement of Affairs.
- VI. Yearly Budget of the Branch, etc.

5. Clearing House

According through the 37(2) of Bangladesh Bank Order 1972, which are the member of the clearing house, are called as Scheduled Bank. The scheduled banks clear the cheques drawn upon one another through the clearinghouse. This is an arrangement by the central Bank where every day representative of the member banks gather to

clear the cheques. Banks for credit of the proceeds to the customer's account accept cheques and other similar instruments. The banks receive many such instruments during the from account holders. The whole process of collection and payment would involve considerable labor, delay, risk and expenditure. All the labor, risk, delay and expenditure are substantially reduced by the representative of all the banks meeting at a specified time, for exchanging the instruments and arriving at the net position regarding receipt of payment.

The place where the banks meet and settle their dues is called the Clearinghouse. The Clearinghouse sits for two times a working day. The members submit the climbable cheque in the respective desks of the banks and vice-versa. Consequently, the debit and credit entries are given. At the debit summation and the credit summation are calculated.

Then the banks clear the balances through the cheque of Bangladesh Bank. The dishonored cheque are sorted and returned with return memo.

Outward Clearing Bills:

Cheques drawn on another Bank or branch of MBL which is situated outside the clearing house area.

Procedure:

1. After filling the deposit in slip bearer of the instrument deposits the instrument to the respective officer.
2. Upon receiving the instrument, the respective officer checks the essential features of the instrument and whether the deposit in slip is filled accordingly or not.
3. Then (s) he crosses the instrument with a seal containing Banks and Branch's name, signs the deposit in slip and provides the customer with counter foil of the slip.
4. Then both the instrument and slip is sealed with 'Clearing' seal and date seal containing the date of clearing.

5. An endorsement seal is also sealed on the back of the instrument and the officer endorses it on behalf of MBL Mohakhali.
6. Then the officer separates the instrument from the deposit in slip. Deposit in slip is kept in the bank and the instrument is sent for clearing.
7. Non-IBC instruments are sent to the clearinghouse with two different forms. Both the forms contain almost similar information.
8. These instruments are sent to the clearinghouse by messenger.

Inward Clearing Bills:

It refers to the instrument drawn on MBL Mohakhali branch received from other Banks in the clearing house by the representative.

If cheques are returned -

- Other branch sends an IBDA to Mohakhali.

Procedure:

1. When instruments are sent to the bank via clearinghouse, it is entered into the clearing in register.
2. The officer checks the instruments thoroughly before it is sent to the computer section for posting.
3. If any kind of error is found in any instrument it is dishonored and sent back with appropriate reason for doing so.
4. The information is then sent back to the clearinghouse for taking appropriate action.

6. Cash Section

Mercantile Bank Ltd., Mohakhali Branch has a good outfitted cash section. This branch has many CC cameras in cash section to identify the movement of unauthorized person or criminals. Operation of this section begins at 10:00 AM, the banking hour. Cash officer begins his/her transaction with taking money from the vault, known as the opening cash balance. Vault is kept in a very secured room. Keys to the room are kept under control of cash incharge and branch incumbent. The amount of opening cash balance is entered into a register. After whole days' transaction, the surplus money remain the cash counter is put back in the vault and known as the closing balance. Money is received and paid in this section. This branch remains open also on Saturday from 10:00 AM to 2:00 PM. I got the opportunity to enter in the cash section during the DPS deposit time. Because in that time there always remains a rush in this section. And I also had to make the entry of the savings deposit amount. I can say this is the most sensitive part of the Bank. Because every operation is done on the base of this section.

Cash Receipt

1. Firstly, depositor fills up the Deposit in Slip. There are three types of deposit in slip in this branch. One for Savings Account, one for Current Account and another for Term Deposit Account.
2. After filling the required deposit in slip form, depositor deposits the money.
3. Cash Officers receives the money at cash counter, count it, enter the amount of money in the scroll register kept at the counter, seal the deposit in slip and sign on it with date.
4. Then this slip is passed to another officer who enter the scroll number given by the cash counter in his/her register along with the amount of the money. Sign the slip and keep the bank's part of the slip. Other part is given to the depositor.
5. All deposits of Savings and Current account are maintained by one officer and other accounts by another officers.

6. Entries of both of these registers are cross checked with the register kept at the cash counter to see whether the transactions are correct or not.
7. At the end the officers count the money they received to check whether the amount matched with the total or not.

Cash Payment

1. A person first gives the cheque to the officer at computer desk to know the position of the cheque and posting of the cheque. If the account has sufficient fund, the computer in charge will post it into the computer, will sign it and seal it.
2. This cheque is given to the concerned officer. There are two officers who sitting at the counter verify the cheques – one for Savings and similar types of account and another for Current and similar types of account.
3. After receiving the cheque, respective officer first checks it very carefully for any kind of deceptive activity. He also checks the date of the cheque, amount in word, amount in figure and signature of the drawer.
4. If everything is Ok then, the respective officer will request the bearer to sign on the back of it.
5. He will then put his/her initial beside the bearer's signature. He will also sign it on its face, will write down the amount by red pen and will put on a scroll register. It is known as passing of cheques.
6. Then the cheque will be sent to the cash counter. At the cash counter bearer will be asked again to sign on the back of the instrument.
7. The cash officer will then enter the scroll number in his/her register and will pay the money to the bearer.
8. At last, these scroll numbers of the registers will be compared to ensure the correctness of the entries.

MBL, is very much cautious about the payment of instruments. This branch has issued office orders mentioning that if the instruments are not paid as 'Payment In Due Course' under section – 10 of the "Negotiable Instrument Act – 1981", the respective officers will not get legal protection under section – 181 of the said Act

7. Dispatch Section

This section is responsible for receiving the entire letter from outside of the bank and to send the entire letter from the bank. For this purpose, this section keeps two register books. It also receives the entire document and anything addressing the bank.

However, two types of letters are continuously received in his branch, these are –

1. Inward (Registered/Unregistered) letters
2. Outward (Registered/Unregistered) letters.

At first, recording is required whether it is Inward or Outward Registered/ Unregistered letters. Then letters are disbursed to their respective destination. Inward letters are firstly segmented according to their different sections and after that, an entry is given to the Inward Register book. The chronological number of the register (both Inward & Outward) is known as inward & outward number respectively.

The main objective of this section is –

- Maintaining all records of the documents send to other branches or banks
- Makes best effort to send these documents safely and correctly
- Letters are disbursed to their respective destination
- Receives documents come through different medium, such as postal service, courier service, via messenger etc.

Books Maintained:

1. Local Dispatch Khata (including Peon Book)
2. Register Dispatch Khata (for Registered Letters)
3. Ordinary Register Khata (for Unregistered letters)

Chapter 5

Others Department

MBL has many more activities other than general banking. The bank tries its best to provide the better services to its customer. That's why it provides locker services to customers for their safety and secured life. It also starts its online banking so that the customers don't have to face any hassles for their safe and quick transitioning. It also open mobile banking service as "MY CASH". Besides these services MBL operates two most important departments; Foreign Exchange service and Credit facilities.

The other services provided by MBL to its customers are:

1. Foreign Exchange Department
2. Credit Department
3. MBL Card Service
4. Locker Service
5. Online Banking

1. Foreign Exchange Department

Foreign exchange is the process by which the currency of one country is converted into the currency of another country. It is the way by using which rights to wealth in a country's currency are converted into rights to wealth in another country's currency. In banks foreign exchange refers to the general mechanism by which a bank converts currency of one country into that of another. Foreign Trade gives rise to foreign exchange. Modern banks facilitate trade and commerce by rendering valuable services to the business community. Apart from providing appropriate mechanism for making payments arising out of trade transactions, the banks gear the machinery of commerce, especially in case of international commerce, by acting as a useful link between the buyer and the seller, who are often too far away from and too unfamiliar with each other.

According to Foreign Exchange Regulation Act (FERA) 1947, "Anything that conveys the right to wealth in another country is foreign exchange. Foreign exchange means

and includes all deposits, credits and balances payable in foreign currency as well as foreign currency instruments such as drafts, TCs. Bill of Exchange, promissory Notes and Letters of Credit payable in any foreign currency. “.

This definition implies that all business activities relating to Import, Export, Outward & Inward Remittances, buying & selling of foreign commissions, etc. come under the purview of foreign exchange business.

There are mainly three types of transactions which lead to foreign exchange. These are:

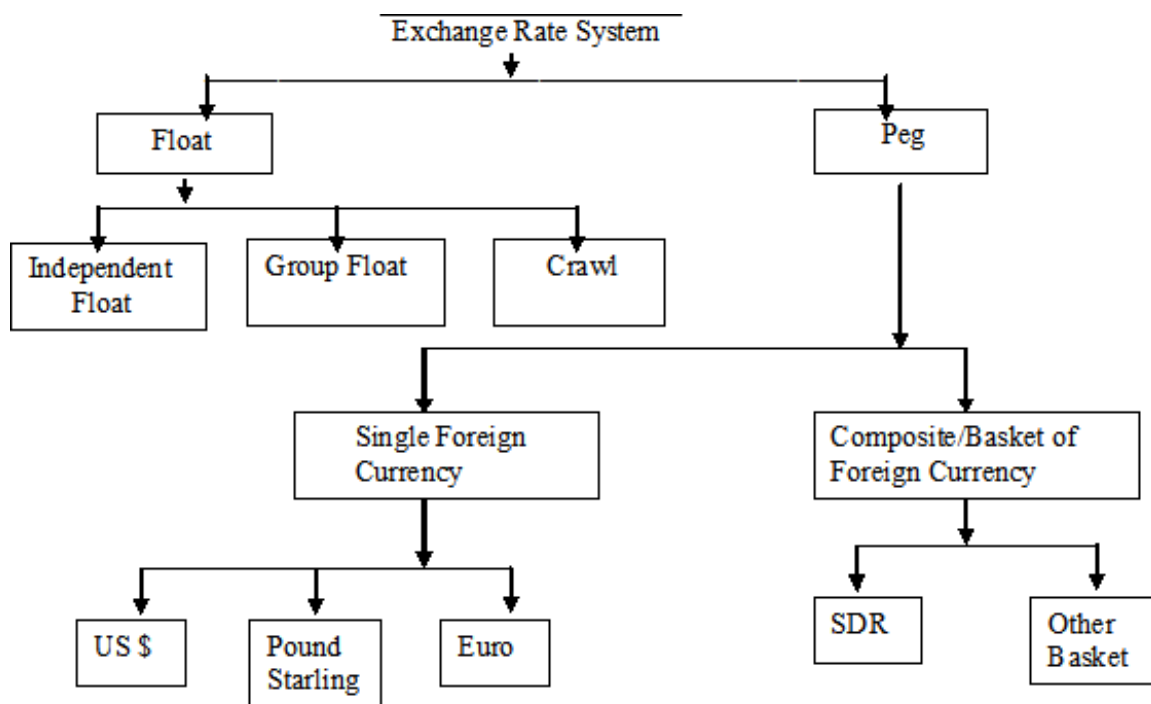
- a) Import
- b) Export
- c) Foreign Remittance

The foreign exchange operations of banks consist primarily purchase and sales of credit instruments. There are many types of credit instruments used in making foreign remittance. They differ chiefly in the speed with which the creditor at the other end can receive money after it has been paid in by the debtor at his end. The credit instruments are:

- 1) Bills of Exchange.
- 2) Letter of Credit.
- 3) Banker's Draft.
- 4) Telegraphic Transfer.
- 5) Mail Transfer.
- 6) Stock Draft.
- 7) Personal Cheque/ Dividend Warrant.
- 8) Society for Worldwide Interbank Financial Telecommunication (SWIFT).

Exchange Rate System:

The rate at which the conversion of one currency into another is effected or the rate at which one currency is exchanged with another is known as Rate of Exchange (ROE). All the dealings of foreign exchange market are carried out at specified rate of exchange. The choice of exchange rate system is given in the following:



Letter of Credit (L/C):

The main and the most important task of the foreign exchange department is to deal with the “letter of credit” (L/C). It can also be defined as a ‘Credit Contract’ whereby the buyer’s bank is committed (on behalf of the buyer) to place an agreed amount of money of seller’s disposal under some agreed conditions. Since the agreed conditions include, amongst other things, the presentation of some specified documents, this letter is called Documentary Letter of Credit. The Uniform Customs & Practice for Documentary Credit (UCPDC) published by the International Chamber of Commerce

(1993) revision, Publication No 500 maintain the rules and regulation of Documentary Letter of Credit. Now UCPDC 600 has been published which will be affected from July 2007.

Documents needed to open a L/C:

To open a L/C, an Importer must have an account in the respective bank. Then he needs the following documents. These are:

- 1) Membership Certificate.
- 2) TIN Certificate.
- 3) Trade License.
- 4) VAT Certificate
- 5) Import Registration Certificate (IRC).
- 6) Insurance Cover Note and Receipt of Premium Payment.

Accept these, Importer has to full fill some papers provided by the bank. These are:

- 1) L/C form
- 2) Import Permission.
- 3) LCA form means Letter of Authorization Application form.
- 4) Deed.
- 5) Charge Documents
- 6) Guaranty form.

2. Credit Department

Mercantile Bank Limited is a new generation Bank. It is committed to provide high quality financial service/products to contribute to the growth of GDP of the country by which trade and commerce will stimulate, accelerating the place of industrialization,

boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and overall sustainable socio-economic development of the country.

In achieving the abovementioned objectives of the Bank, credit operation of the Bank is of supreme importance as the greatest share of total revenue of the Bank is generated from it, maximum risk is centered in it and even the very existence of Bank depends on sensible management of its credit portfolio. The failure of a commercial Bank is usually associated with the problem in credit portfolio and it's less often the result of shrinkage in the value of other assets. As such, credit portfolio not only features dominant in the assets structure of the Bank, it is critically importance to the success of the Bank also.

The word is "credit" means "I believe". The term credit may be defined broadly or narrowly. Speaking broadly, credit is finance made available by on a party (lender, seller, or shareholder/owner) to another (borrower, buyer, corporate or non-corporate firm). More generally the term credit is used narrowly for debt finance. Credit is simply opposite of debt. Debt is obligation to make future payment. Credit is the claim to receive the payments. Both are created in the same act of borrowing and lending.

Credit Approval Authority:

The Senior Management of Mercantile Bank Limited has the authority to individual credit analyst and credit manager. Loan Administration Division also keeps the copies of all Delegation of Lending Authorities.

Approval Process:

Credit approval should be centralized within the credit function. Regional credit centers may be established, however, the Head of Credit Division, Head Office, Dhaka must approve all large loans. Any credit proposal that does not comply with Lending Guidelines, regardless of amount, should be referred to Head Office for approval.

Credit Administration:

After approval, Credit Team send application to the Credit Administration Division with the security and other documents under Operation Unit for processing. The Credit Administration function is critical and so it is difficult in ensuring that proper documentation and approvals are in place prior to the disbursement of loan facilities. Under Credit Administration there may be two-sub unit, Documentation & QC and Loan Administration department who will process the document and disburse the loan.

Credit Documentation:

Credit Documentation Department is responsible for:

- a) To ensure that all security documents complies with the terms of approval.
- b) To control loan disbursements only after all terms and condition are approval have been met and all security documents as per the checklist are in place.
- c) To maintain control over all security documentation.
- d) To monitor borrower's compliance with agreed terms and conditions, and general monitoring of account conduct/performance.

Mercantile Bank Limited, Credit Division provide the following loans and advance facilities to their clients:

- 1) Secured Over Draft (SOD).
- 2) Lease Finance.
- 3) Payment Against Documents (PAD) Cash.
- 4) Cash Credit (CC Hypo).
- 5) Personal Loan.
- 6) Loan Secured.
- 7) Small Loan Scheme.
- 8) Consumer Credit Scheme (CCS).
- 9) Car Loan.
- 10) House Building Loan.

- 11) Loan Against Trust Receipt (LTR)
- 12) Small & Medium Enterprise (SME) Loan.

To enjoy the above loans and advance facilities clients has to provide some documents to the bank according to their purpose. Cause different loans have different documents requirement charge documents.

3. MBL Card Service:

MBL provides the following services to its customers:

No Cash Withdrawal Fee: For withdrawals of cash from MBL ATM by MBL cardholders no cash advance fee is necessary and from any other e-cash ATM the fee is Tk.10 only. MBL is the only bank offering such unique facility. Moreover, our VISA cardholders can also withdraw cash from any Visa logo ATM locally and internationally

Acceptability: International/Dual card is accepted all over the world at millions of outlets and ATMs. A Dual card is also accepted in most of the big cities like Dhak4 Chittagong, Khulna, Rajshahi, Sylhet at more than 10,000 outlets including 4500 pos. It covers various kinds of merchants like hospital, hotel, restaurant, department store and has accessibility to any outlet having VISA logo.

Overdraft Facilities: overdraft facilities up to 80% of the credit card limit may also be allowed for payment of the installment of scheme deposit with our Bank.

Dual Card (two in one): Single card with double benefits. No hassle to carry two cards (local and international). A single credit card can be used both locally and internationally to withdraw cash from ATM for POS transaction. This is the special feature of MBL visa card.

Debit card: Visa debit card is mainly tagged with deposit account (CD/SB/STD) that is automatically debited from the A/c having available balance. Debit card can also be used for purchasing goods, services, payment of utility bills etc as well as withdrawal of cash from ATM.

Pre-Paid Card: Those who have no account with MBL may avail pre-paid card facilities. The Pre-Paid cardholders pay first buy later. Pre-Paid card offers the convenience and security of electronic payment in situations where one might otherwise use cash, such as birthday gift or a monthly allowance for a young adult. Examples include gift cards and salary payment etc.

Credit card Facility: Mercantile Bank Ltd. visa credit card offers maximum 45 days credit facilities free of interest and minimum payment is 5% of outstanding billing payment for easy repayment and convenience of the customers.

Supplementary Card: A principal cardholder (local) may apply for more than one supplementary card where one supplementary card is free. Expenses made by supplementary card will be charged to the principal card.

Advance against credit card: MBL cardholder can take advance as term loan up to 50% of the card limit to be repaid on the monthly installment basis. Any POS transaction over TK. 20000 but not exceeding 50% of the credit limit is convertible to Personal loan/CCS and to be repaid on monthly installment basis. Repayment period of such loan may be from 6 months to 36 months.

Overdraft Facilities: overdraft facilities up to 80% of the credit card limit may also be allowed for payment of the installment of scheme deposit with our Bank.

Payment of Utility Bill: Payment of utility bills like telephone bills, gas bills, electric bills, water bills, may be settled by card.

4. Locker Services:

MBL offers locker service to their valued customers. It is helpful for customers for keeping their important documents, papers, and precious things in safe and sound. These facilities are maintained by two responsible and senior personnel. Both the persons maintain separate keys for each account or locker for highest safety.

In MBL, Mohakhali branch there is two chambers. Each of them contains 50 lockers. According to the size there are different types lockers such as large, medium and small.

Locker service	Rent (annual)	Small-BDT 2000
		Medium-BDT 3000
		Large-BDT 4000
	Security Deposit (Refundable)	Small-BDT 2000
		Medium-BDT 3000
		Large-BDT 4000
	Replacement of Key/Closing	BDT 2000

5. Online Services:

Online Banking have been activated in all Branches of the Bank from January 01, 2006. **Online service is now available for all customers** - Both Cash deposit and withdrawals, Cheque Deposits and Transfer in CD, SB, STD, Loan accounts (Cheque Bearing within limit) and Monthly Savings Scheme (MSS).

Online Banking Times:

1. Sunday to Thursday, Hours - 9:00 am to 3:00 pm
2. Saturday, Hours - 9:00 am to 12:00 noon (only in open branches on Saturday)

For Monthly Savings Scheme (MSS) Free. Yearly service charge is not applicable.

Account wise Online Banking Limit (Cash Withdrawal, Deposit & Transfer):

Maximum Deposit Limit: No Limit for On-Line Cash Deposit Transaction per day per client.

Maximum Withdrawal Limit: Tk. 300,000.00 per transaction

Charges for Online Banking

Intra City*	Inter City**	Mode of Realization
Free	Free	Up-front Cash

* **Intra City Transaction:** Branches under Same City Corporation Areas

** **Inter City Transaction:** Branches outside City Corporation Areas

Chapter 6

Limitations

Though this report mainly focuses on General Banking Activities of MBL Mohakhali Branch, I have presented the limitations and recommendations for overall banking area. Because I also work on other departments for 15 days. And I want to present the information and knowledge that I have gathered during the three months intern time. MBL, Mohakhali branch is one of the large branch in the country. It deals with many repudiated clients such as “Green Delta”, “Matrix”, “Rahimafrooz Superstore”, “Banga Fashion” etc. Customers are satisfied with the banking services but customers who belong to middle class are not provided all types of services. MBL has expanded its business very quickly but they have some limitation. If MBL will be able to overcome these limitations, they can grow more. The limitations that I have observed during my intern period are on the bellow:

1. Lack of skilled employees:

MBL Mohakhali branch has enough employees to provide quality services to its customers. But according to the working pressure or responsibility many employees in this branch are not very skilled. Sometimes they provide wrong information to the customers. And customers become irritated as they take a long time to do any task such as closing account, giving cheque book etc. These problems are mainly occurred in General Banking.

2. Technological Problem:

The bank uses both software PC bank and Temonos in their branches and if a customer is having a service which requires PC Bank to complete then he/she has to wait for a long time as PC bank is not used usually. This is time consuming and at the same time causing problem for the customers.

3. Analog Cash Department:

In today's technological advance era MBL practices old deposit system. There will be always 3 or 4 cash officers in the Cash for the payment of cheque and receiving money for deposit. But other banks like BRAC BANK or DUTCH BANGLA BANK; they have withdrawn Cash department from their branches to some extent. Because they have launched digital cash department where customers can deposit or receive money by using the ATM booth.

4. Strict rules and regulations:

This branch is very much popular to the customers for the MSS. But now customers become disappointed for the different formalities which are offered by the bank, such as they have to submit current or water bill copy for opening a Saving Account. And to open a MSS account one has to keep a saving account in the bank. As a result customers go to another bank where rules and regulations are easy for them.

5. Rate of Interest:

Rate of interest is an important thing for the customers. Naturally customers go to the bank where they can get more interests. But the interest rate of MBL is decreasing day by day of different schemes. As a result customers are not interested in opening account in this bank.

6. Staff Loan Facilities:

MBL does not offer loan to its own staff except AVP level, where other banks are doing it promptly. To get loan they have to wait for 5 years working experience in their bank which is not actually a fair policy. Thus employee get demotivated in their works.

7. MBL Card Service:

MBL card department is not very efficient. Though they have launched a number of cards but their service is not in satisfactory level. Normally it takes 24 hours to activate

a card but sometimes it requires more than 48 hours. They also take a long time for activating the card.

8. Lack of MBL ATM Booth:

Though MBL 101 branches in all over the country their number of ATM booth is very few which causes a big problem for many potential customers. Now-a-days ATM booth is the security of our money. That's' why nobody wants to carry a huge amount of money because it may be very risky for us. Customers looks for ATM booth in almost every locality of the country. But MBL has ATM booth only with its branches. Besides the branches' booth it has very few booths.

9. Mobile Banking Service:

MBL mobile banking service is known as "MY CASH". This service is very poor. Customers are not satisfied with this service. I t could not cope up with 'bkash'. Most customers' find it hard operate with the mobile banking section of the bank as they do not really educate the customers about the service.

10. Lack of Promotional Activities:

MBL does not really promote their products or services that much other than the policies of Bangladesh Bank or Mcash service of the Bank. Thus it gets very difficult to attract the new and potential customers to enjoy the services of the bank.

Recommendations

It's not easy to find out solution to these problems within 3 months period. But I think the suggestions that I give will be helpful for increasing the efficiency of MBL.

1. The authority should provide long term training and behavioral training to its employees to provide better service to the customer. So the authority ensuring this facility to provide good customer service, which will bring effectiveness of the bank's operation.
2. In General Banking Department the authority should implement modern banking process instead of "traditional system" It should be more computerized.
3. As the clients do not like introducing system, if possible the rule of introducing to open an account should be changed. Because many people face in problem to arrange an introducer in the time of opening accounts.
4. Bank should offer more facilities to the customers such as credit card, visa card. ATM machine etc.
5. As soon as possible the bank should open more ATM booth in all over the country.
6. Authority should recruit sophisticate technology for conducting SMS Banking services.
7. Now a day's world is going very fast. Now most of the banks open online customer service system. So in order to compete in the world market they should adopt online customer service system.
8. One of the business strategies is promotion. Successful business depends on how they can promote their products or services to the customer. In this connection to improve the business status bank should introduce more promotional programs.
9. As soon as possible the bank should start more branches in Dhaka city as well as the other cities of the country.
10. The recruitment process of the bank is very lengthy and expensive. The bank should reduce the cost and select the employee by restructuring the lengthy process.

11. To provide quality service to the customer it is necessary to have a trained team. So, the bank should recruit fresher, energetic, and bright persons such as MBA, BBA, and MBM etc. graduate.
12. The bank has a provision for internship program. but it is not well organized. Although the officials are very careful and cooperative with the interns, the authority should be more structured. If they can properly make them trained it will be very fruitful to recruit them. Because they learn overall banking in the internship period, so in the beginning of the job they can work as experienced persons. It is also very important that they should give an honorarium to the intern.

Conclusion

The Mercantile Bank Limited has started its business successfully in Bangladesh in 1999. It has already developed an image of benevolence among its customers through its tremendous services. This success becomes possible because of dedication, commitment and dynamic leadership of its management over the period. The Bank is expanding its business through all over the Bangladesh. At present the Bank has 101 Branches all over Bangladesh. In this modern world banks are very important for the economic development of a country. Banks contribute to SME loan which is very much helpful for the economic development of a country. It helps to reduce the unemployment rate of a country. The Banking Sector is becoming very competitive because a lot of new Commercial Banks have been established in last few years. To survive in this competitive environment Banks need to manage its assets and liabilities in an efficient way. It should try to increase its capital by attracting potential customers. The overall success of credit management depends on the Banks credit policy, portfolio of credit, monitoring, supervision and follow-up of the loan and advance. Banks are the essential tools to earn foreign currency by helping the businesses to import the raw materials and exporting the finished goods' The Foreign Exchange Department of MBL is doing well in this Sector and earning good amount of profit. To facilitate this service more efficiently MBL has begins to link up with various Foreign Banks. The General Banking Department of MBL is also doing well in terms of collecting deposits'.

In the short period of banking business, MBL has shown better performance in every aspect It is not only doing business but also contributing to the society through its service. MBL has already taken a significant position in the private sector banking. If the govt. implements nominal policy, then MBL will achieve their expected goal & will able to contribute a vital role in the socio-economic perspective.

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