

**Errors in Account Opening, Causes and Solutions: A Study on  
Dhaka Bank Limited.**



Inspiring Excellence

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**BRAC University**

January 17, 2016

**Errors in Account Opening, Causes and Solutions: A Study on  
Dhaka Bank Limited.**

**Internship Report**

**(Prepared to fulfill the partial requirement of MBA Program)**



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## LETTER OF TRANSMITTAL

**January 17, 2016**

To

Mr. Saif Hossain

Senior Lecturer

BRAC Business School

BRAC University

**Sub: Submission of internship report on “Errors in Account Opening, Causes and solutions: A Study on Dhaka Bank Limited”.**

Respected Sir,

With reference to the above, I apprise you that I am submitting my dissertation report on **“Errors in Account Opening, Causes and solutions: A Study on Dhaka Bank Limited”** for your kind perusal & taking necessary steps.

This report is being submitted for partial fulfillment to obtaining the degree of MBA, which was assigned to me by you.

Your heartiest advice and valuable instruction helps me for preparation of this report in due time. I am very much grateful to you for giving me an opportunity to prepare a report like this.

In view of the above I hope & pray that your honor would be kind enough to accept this report & also allow me for giving my explanation if needs further clarification of the above mentioned report.

Yours Sincerely

Adrita Razzaque

-----

MBA Program

ID # 013364063

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BRAC University, Bangladesh

## **ACKNOWLEDGEMENT**

Thanks to almighty Allah for blessing me to complete this report at last. This report entitled "Errors in Account Opening, Causes and solutions" is a precondition for partial fulfillment for the MBA degree from BRAC University.

I was quite baffled that I may not be able to complete this report. It seems difficult to me to write down the errors in account opening, causes and solutions and its importance for banking activities. I think my dream came into reality to write this report and to understand the Account opening activities that I cherished for a long time.

I am so much grateful to my respected research guide Mr. Saif Hossain, Senior Lecturer, BRAC University of Bangladesh for his inspiring guidance, constant supervision, valuable suggestion, constructive criticism and wholehearted cooperation in all stages of preparation of this report.

I would like to convey my thanks and gratefulness to Mr. Arif Kamal Chowdhury, VP and Manager of Branch, Mr. A.F. M. Mahmudur Rahman, Senior Principle Officer & Manager Operations of Dhaka Bank Ltd. who spared their valuable time and effort & cooperated in all respects during the conduction of this report.

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## EXECUTIVE SUMMARY

Dhaka Bank Limited is one of the fastest growing banks in our country and the bank is contributing a lot to our economy with their banking operation since 1995. As a private commercial bank, DBL is trying it's best to extend their services to the public. DBL, KDA Avenue Branch, Khulna, provides all kinds of commercial banking services to its customers.

To be the premier financial institution in the country providing high quality products and services backed by latest technology and a team of highly motivated personnel to deliver **Excellence in banking.**

As an intern I started working in Dhaka Bank on 1<sup>st</sup> September 2015, and it ended on 30<sup>th</sup> November 2015. I have worked in the general banking department of the bank. Dhaka Bank gave me the opportunity to work in the banking industry; I got a huge idea on how the whole banking system works. The tasks, that I have performed during the tenure of my internship has surely enriched my skills and this working experience in a bank was very beneficial to me.

Bank is a financial intermediary, which mobilizes fund from surplus unit and deploy it to deficit unit. Bank mobilizes the fund by accepting deposits from depositors and allocates the fund by providing loan to borrower. The relationship between a banker and his customer begins with the opening of an account by the banker in the name of the customer. Banker solicits deposits from the public of different walks of life and having different financial status. Accepting deposits is one of the main functions of commercial banks. In DBL various types of accounts are offered to various customers. But there are some errors in account opening process in the banks.

As a partial requirement of MBA program I need to go for internship to gather practical experience and need to submit the report regarding that practical knowledge. This report is originated after completing the MBA program from BRAC university of Bangladesh. This report is the outcome of the assigned internship, suggested by the supervisor. The report will definitely increase the knowledge of other students about errors in account opening, reason behind the errors and the possible solutions, and help to know the banking industry of Bangladesh.



## CHAPTER-1: THE ORGANISATION



## **s1.1 Introduction:**

Dhaka Bank Limited is one of the premier and top ranked private banks in Bangladesh. The founder of the bank was Mr. Mirza Abbas Uddin Ahmed who was also the former advisor of the bank. The Head Office of the bank is located at Biman Bhaban 1<sup>st</sup> floor, 100 Motijheel C/A, Dhaka 1000, Bangladesh. The bank started its very first journey on July 5<sup>th</sup> 1995 with an authorized capital of Tk. 1000 million and a paid up capital of Tk. 100 million. Since the inception of the bank the bank made phenomenal growth in terms of operation, business and goodwill. As of March 31<sup>st</sup> 2010 the bank's paid up capital stood at Tk. 2,659,597,763 and the total equity (capital and reserves) stood up at Tk. 6,036,368,754.

## **1.2 History:**




The nation was just halfway of its age; the passion for history and heritage and an obsession for faster pace exerted a powerful force for change in the business world. Many budding hopes grew as a choice of the new generation in the shadows of banking reformation of the nineties. Dhaka Bank is such a dream that spread in profusion modern banking prospects with deep attachment to its community and culture. A host of visionary entrepreneur friends inspired by a futurist leader set forth the fight of this great corporate voyage that echoed the speed of technology on the inner soul of Bangladesh. Dhaka Bank was incorporated as a Public Limited Company on April 6, 1995 under Companies Act, 1994. The company commenced banking operations on July 5, 1995. From the very year of its landmark journey, Dhaka Bank has truly cherished and brought into focus the heritage and history of Dhaka and Bangladesh from Mughal outpost to modern metropolis. Most of its presentation, publications, brand initiatives, delivery channels, calendars and financial manifestations bear Bank's commitment to this attachment. The Bank is widely recognized today for its exceptional service, simplicity, proximity and cutting-edge way of delivery. The Bank has stood out for its financial strength and operational craftsmanship marking its position as the potential market player in all core areas of banking in the country. It got listed in DSE and CSE in 2000. Alongside a lasting bond with the corporate world, DBL has got hold of a countrywide reach through a larger network of Branches, ATMs, SME channels, agricultural outreach and mobile banking. DBL has made its vibrant presence at 84 locations including 2 Islamic Banking Branches; and 1 Offshore Banking Unit, 3 SME Service Centers, 1 Business Kiosk and 48 ATMs across the country. Catering to the needs of Capital Markets, the Bank has established a subsidiary company named 'DBL Securities Ltd.' having 6 countrywide

Branches. It expects to rise from the heart of Bangladesh as a stronger force in the market they serve. They are committed to their goals to create superior shareholder value in their quest for excellence as they grow and mature into a banking veteran.


















### **1.3 Products and Services Offerings:**

#### **1.3.1 Products of Dhaka Bank Limited**

##### **Corporate Banking:**

-  Securitization of Assets
-  Corporate Finance and Advisory Services
-  Syndication of Funds


##### **Retail Banking**


-  Current Account
-  Savings Account
-  Bundle Savings
-  Joma savings
-  Short term Deposit
-  Fixed Deposit
-  Gift Cheque
-  Special Deposit Scheme
-  Deposit Pension Scheme
-  Deposit Double Scheme
-  Kotipoti Deposit Plan
-  Lakhopoti Deposit Scheme
-  Honourable Seniors
-  Edu Savings Plan
-  Students Ledger
-  Shopnojatra
-  Student Banking

 SME

### **1.3.2 Services of Dhaka Bank Limited**

 Corporate Banking

 Retail Banking

 Islamic Banking

 Capital Market Service

 SME

 Offshore Banking

 ATM Card

 Credit Card

 Locker

### **1.4 Organizational Network Organogram:**

#### **1.4 .1Organizational Structure of Dhaka Bank Limited**

**Designations are in ascending order-**

#### **TOP MANAGEMENT**

Chairman

Board of Directors

Executive Committee

Managing Director

Additional Managing Director

#### **EXECUTIVE LEVEL MANAGEMENT**

Deputy Managing Director

Senior Executive Vice President

Executive Vice President

Senior Vice President

Vice President

Senior Assistant Vice President

First Assistant Vice President

**MID LEVEL MANAGEMENT**

Assistant Vice President

Senior Principal Officer

Principal Officer

**JUNIOR LEVEL MANAGEMENT**

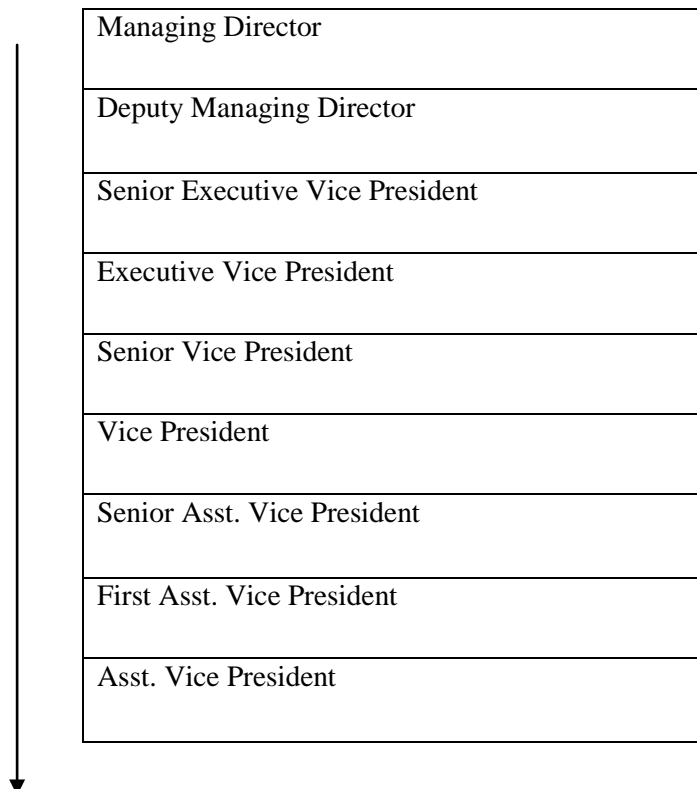
Senior Officer

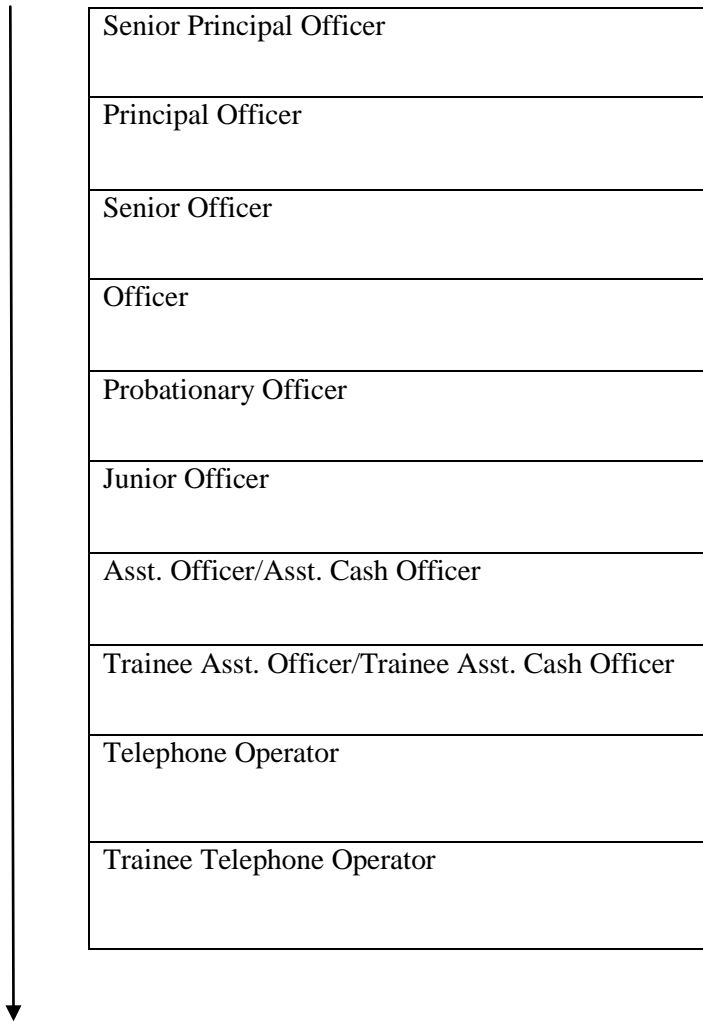
Probationary Officer

Junior Officer

Assistant Officer

**1.4.2 Organizational Hierarchy**





### **1.5 Vision of the Future:**

At Dhaka Bank, we draw our inspiration from the distant stars. Our vision is to assure a standard that makes every banking transaction a pleasurable experience. Our endeavor is to offer you supreme service through accuracy, reliability, timely delivery, cutting edge technology and tailored solution for business needs, global reach in trade and commerce and high yield on your investments. Our people, products and processes are aligned to meet the demand of our discerning customers. Our goal is to achieve a distinct foresight. Our prime objective is to deliver a quality that demonstrates a true reflection of our vision- Excellence in Banking.

## CHAPTER-2: JOB DESCRIPTION



## **2.1 Description/Nature of the Job:**

As an intern I started working in Dhaka Bank on 1<sup>st</sup> September 2015, it ended on 30<sup>th</sup> November 2015. I have worked in the general banking department of the bank. Where I have learned to open various sorts of accounts of different customers such as savings, fixed deposits, company account both private and public, club and association accounts. Moreover I got the knowledge of the things or documents needed for opening different sort of accounts. Working in this department has enabled me to understand the system of issuance of cheque book and ATM cards to customers and also the procedure to open different types of accounts. Working in this department I got to know the process of clearing cheque, receiving cheques.

## **2.2 Specific Responsibilities of the Job:**

- ✚ Working in this department I also got the chance to gather knowledge about different register entries by performing the entries like, cheque clearing register, cheque book issue register, remittance entry register, positive payment entry etc.
- ✚ Receiving clearing checks.
- ✚ Writing pay order blocks and gift cheque was also a part of my duty.
- ✚ To fill up ( Banker's use only part) different types of account opening forms, like, current account, Fixed deposit account, special deposit account, Students' ledger account, Savings account etc.
- ✚ Writing daily cash debit vouchers of Bank expenditure.
- ✚ Giving information to the clients about how to fill up the pay order form, account opening form, remittance form etc.
- ✚ Giving information to the clients about interest rates of savings account, fixed deposit accounts, deposit double scheme and about account opening process and requirement of necessary documents for account opening.
- ✚ Communicating clients about receiving check books and atm cards.



## 2.3 Different Aspects of Job Performance:

Dhaka Bank gave me the chance to work in the banking industry from where I learned a lot of things. As I worked in a bank, I got a huge idea on how the whole banking system works. The tasks, that I have performed during the tenure of my internship has surely enriched my skills and this working experience in a bank was very beneficial to me. As it helped me to learn how to work under pressure, manage time efficiently, deal with clients etc. Working in the general banking department was very challenging job as it was the busiest department of the bank because the amount of customers coming were huge.

## 2.4 Critical observations and recommendations:

- ✚ Working in this department I came to realize that though Dhaka Bank does not have a priority banking service but still the people who work under the retail department of Dhaka Bank they give some high profile valued customers the support or service which is beyond the service of normal banking. These services include faster cash payments, balance information could be given on phone.
- ✚ As I did not had access to the software as per the organization policy, so it was difficult for me to gather practical knowledge about the data entry system of DBL.
- ✚ The relationship mangers at the operation or strategic level of the concerned department are awfully busy with meeting their targets. So, it was very difficult for me to get them free and obtain practical knowledge or understanding about my assigned job.
- ✚ I have got opportunity to work under only general banking department of DBL but for understanding overall banking practice it was necessary to work under cash and credit department also.

### CHAPTER-3: PROJECT



## Summary

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Bank is a financial intermediary, which mobilizes fund from surplus unit and deploys it to deficit unit. Bank mobilizes the fund by accepting deposits from depositors and allocates the fund by providing loan to borrower. The relationship between a banker and his customer begins with the opening of an account by the banker in the name of the customer. Banker solicits deposits from the public of different walks of life and having different financial status. Accepting deposits is one of the main functions of commercial banks. Individual bank deposits provide the least expensive cost of new money for the bank to loan out. The large amount of people and deposits help the banks make lots of profit. In DBL various types of accounts are offered to various customers. As collection of deposits is an important part of bank's operations and it starts with opening of an account, so it is necessary to find out the errors in account opening, reasons and solutions. Therefore the overall objective of the study is to find out the errors in account opening, its causes and solutions.

For achieving the above mentioned objective, some specific objectives have been required to be fulfilled which basically involve gathering relevant information, analyzing and finding out the results that means to find out the errors in account opening, reasons behind the errors and the possible solutions. To gather information about different account opening processes, errors and solutions involve interviewing officers in related fields, direct observation and face to face discussion with senior and junior officers of KDA Avenue Branch, Khulna of DHAKA BANK LIMITED.

The research will have great value for DBL as through this research the bank will be able to identify the errors in their account opening process and possible solutions. Thus which will eventually help DBL to retain their customers and gain financial benefits through this and help DBL to compete more efficiently with their competitors.

## DESCRIPTION OF THE PROJECT



## **3.1 Description of the Project:**

### **3.1.1 Objectives of the Project:**

#### **3.1.1.1 Main Objective:**

The study would be primarily attempted to find out the errors in account opening, its causes and solutions, based on Dhaka Bank Ltd. KDA Avenue branch, Khulna.

#### **3.1.1.2 Specific Objectives:**

- ✚ Finding out the account opening process of Dhaka Bank Ltd.
- ✚ Finding out differences between the different account opening processes.
- ✚ Finding out errors in different account opening processes.
- ✚ Finding out the reasons behind the errors.
- ✚ Finding out the solutions of the problem.

#### **3.1.2 Methodology:**

To collect information about the organization and its product offerings as well as, different deposit account offerings, I had to collect data from secondary sources. Like, website of Dhaka Bank Ltd. different types of brochures, all published and reported materials which already has been collected or preserved. To gather information about different account opening processes I had to depend on primary sources, through direct observation and face to face discussion with senior and junior officers in related fields. To find out the errors and it's reasons I had to interview senior and junior officers working in this field. To find out the solutions I have interviewed the officers working in the General Banking department of Dhaka bank Ltd. KDA Avenue branch, Khulna.

### **3.1.3 Limitations:**

- ✚ As this study is solely based on Account opening processes of Dhaka Bank Ltd. KDA Avenue branch, Khulna under its General banking department, this study cannot be generalized for the overall banking practices of Bangladesh.
- ✚ This study is only applicable if other variables are constant.
- ✚ As I did not had access to the software as per the organization policy, so it was difficult for me to find out errors regarding the format of their software.

## ANALYSIS

**DHAKA BANK**  
L I M I T E D  
EXCELLENCE IN BANKING

### **3.2 Opening of Account:**

Bank is a financial intermediary, which mobilizes fund from surplus unit and deploys it to deficit unit. Surplus unit means the people who have surplus money and willingness to save. Deficit unit means the people who need money for industry, trade, business, or for personal use but don't have sufficient money of their own for such purposes. Bank mobilizes the fund by accepting deposits from depositors and allocates the fund by providing loan to borrower.

The relationship between a banker and his customer begins with the opening of an account by the banker in the name of the customer. Banker solicits deposits from the public of different walks of life and having different financial status. Accepting deposits is one of the main functions of commercial banks.

### **3.3 Opening of Fixed Deposit account**

- a. The depositor has to fill an application form.
- b. In case of a deposit in joint name, DBL also takes the instructions regarding payment of money on maturity of the deposit.
- c. The banker takes the specimen signatures of the depositor(s).
- d. Necessary postings are given on the flex cube software.
- e. An FDR is then issued to the depositor acknowledging receipt of the sum of money mentioned therein. It also contains the rate of interest & the date on which the deposit will fall due for payment.

#### **Payment of interest**

Usually FDR payment is made on maturity. DBL calculates interest at each maturity date and provision is made on that "Interest Expense FDR account" is debited for the accrued interest.

#### **Premature encashment of FDR**

In case of premature FDR, DBL allows only saving bank rate interest.



### Loss of FDR

If the instrument is lost from the possession of the holder, the holder is asked to fulfill the following requirements:

- a. Party should inform the bank immediately;
- b. Record a G.D in the nearest police station;
- c. Furnish an indemnity bond ;
- d. On fulfilling the above requirements a duplicate FDR is then issued to the customer by the bank.

### Renewal of FDR

- a. FDR is automatically renewed within seven days after the date of its maturity if the holder doesn't come to Ancash the instrument.
- b. Renewal will be for the previously agreed maturity period.

### Accounting entries for FDR

<b>Issue of FDR</b>	Cash A/C----- Dr.
	Time deposit-FDR----- Cr.
<b>Encashment of FDR: (at maturity)</b>	Time deposit-FDR----- Dr.
	Interest on FDR A/C----- Dr.
	Excise duty on FDR----- Cr.
	10% Income Tax on Interest----- Cr.
	Cash A/C----- Cr.

### 3.4 Different types of accounts:

#### 3.4.1 Deposit Double

**Deposit Double** is a time specified deposit scheme for individual clients where the deposited money will be doubled in 7.5 years. The key differentiators of the product will be:

- **Amount of deposit - The minimum deposit will be BDT 50,000.00** (either singly or jointly). The client will have the option of depositing any amount in multiples of BDT 10,000 **subject to a maximum of taka 20, 00,000 in a single name and taka 35, 00,000 in joint name.**
- **Tenure of the scheme** - The tenure of the scheme will be 7.5 years.
- **Premature encashment** – If any client chooses to withdraw the deposit before the tenure, then she/he will only be entitled to prevailing interest rate on savings account in addition to the initial deposit. However, withdrawal of the deposited amount before one year will not earn any interest to the depositor(s).
- **OD facility against deposit** - Clients will have the option of taking advance up to 90% of the initial deposited amount. The lending rate will be tied up with the interest rate offered on the deposit.



**DEPOSIT DOUBLE**

Product features	
Deposited amount	Min taka 50,000 (singly or jointly) with multiples of taka 10,000 Max taka 20,00,000 (in single name) taka 35,00,000 (in joint name)
Initial deposit date	Any day of the month
Tenure	7.5 years

- **Govt. charges** – The matured value is subject to taxes and other Govt. levies during the tenure of the deposit.

### 3.4.2 Deposit Pension Scheme

Dhaka Bank is well poised to be the leading Personal Banking business amongst the local private banks. Bank's conscious efforts in brand building, introducing and supporting new packaged products, developing PB organization along with non-traditional delivery channels have resulted in good brand awareness amongst its chosen target markets.

Installment based savings schemes are a major category of saving instruments amongst mid to upper middle-income urban population.

DPS is an installment based savings scheme (Deposit Pension Scheme) of Dhaka Bank for individual clients. The key differentiators of the product will be –



- **Amount of monthly deposit** - The scheme offers the clients the flexibility of tailoring the amount of monthly deposit based on his monthly cash flow position. The minimum monthly deposit will be BDT 500.00 The client will have the option of depositing any amount in multiples of BDT 500.00 subject to a maximum of taka 25,000.
- **Flexible tenor of the scheme**- The client has flexibility of deciding on the tenor of the scheme in-terms of number of months. However, the minimum tenor would be 24 months and the maximum would be 120s months.
- **Flexibility to open any number of DPS account**- A client can open maximum five DPS accounts in client's name, in his/her spouse's name or in the name of his/her children or in joint names with any of his/her family members.
- **Bonus point** - if the client continues the scheme up-to maturity then at maturity, the client will be awarded a bonus 1% on the total deposit amount. However, to qualify for the bonus point, client may default in paying maximum 2 installments within the tenure of the DPS.
- **Premature encashment** – if any client closes the deposit account before one year, s/he will not be entitled to any interest. Account running more than a year will be eligible for the prevailing interest offered in the savings account.

- **Late payment fee** – Clients failing to deposit any installment will pay 5% late payment fee on the deposit installment amount as late payment fee, which will be realized at the time of depositing the next deposit Installment.
- **Payment through account** – Clients will have to open an account with Dhaka Bank Limited and a standing instruction will be executed for auto-debit to effect the monthly installment.
- **OD facility against DPS** - Clients will have the option of taking advance up to 90% of the deposited amount at the time of application. However, to be eligible for the OD facility, the account must be at least 2 years old or the minimum ticket size of the advance will be taka 20,000.00.

#### **Restrictions & client eligibility**

- Any Bangladeshi citizen attaining 18 years of age will be eligible to avail this product by opening an account in any of the branches of DBL. Branch will ensure compliance with account opening formalities.
- A minor operated by the legal guardian may also open the account.
- The tenor and the deposit amount agreed by the applicant and accepted by the Bank at the time of opening the account cannot be changed afterwards.

#### **Closure of account**

The account will immediately cease to operate in case of the following:

- Death of the account holder and Failure to pay 3 consecutive installment

#### **Settlement of the account**

**Documentation** – In order to open the account, the account holder will execute the following documentation:

- Fulfilling account opening formalities
- Filling up the DPS application form
- 2 copy pass port size photograph of the applicant
- 1 copy passport size photograph of the nominee attested by the applicant

- **Product name**

### 3.4.3 Special Deposit Scheme

- **Product features**

Initial deposit date            Any day of the month

Interest due                      One month after the initial deposit date the interest will be credited to the savings/current account.

Tenure                              1, 2, and 3 Years

Monthly income on taka 791.66 subject to tax on customer account  
100,000

- **Opening an account**

Clients must have or open a savings account through which initial deposit will be collected. The monthly interest accrued on the deposit will be disbursed to the client through this savings/current account.

- **Deposit mode**

The depositor(s) will have the option of making the initial deposit to the new / existing savings account in cash or through an account payee cheque.

- **Interest payout mode**

Interest payout mode should be transfer to savings account.

- **Interest payout frequency**

Interest payout frequency should be monthly.

- **Renewal / redemption instruction**

Maturity / renewal instruction should only be “Renew principal and redeem interest” or redeem interest & principal

- **Closure of account**

The account will immediately cease to operate in case of death of the depositor

- **Settlement of account**

The account will be settled in line with the instructions laid down in the account opening forms in case of death of the accountholder.

- **Premature encashment**

If any client chooses to withdraw the deposit before the tenure, then s/he will only be

entitled to prevailing interest rate on savings account in addition to the initial deposit. However, withdrawal of the deposited amount before one year will not earn any interest to the depositor(s). Amount already paid to the clients monthly along with the tax should be adjusted accordingly.

- **Settlement of pre-mature encashment**

Premature encashment before maturity, but after one year	The client will be entitled to prevailing interest rate on the savings account	The interest already credited to the clients account on a monthly basis to be adjusted against principal deposit at the time of premature encashment
Premature encashment before maturity and before one year	The client will be entitled no interest	The interest already credited to the clients account on a monthly basis to be adjusted against principal deposit at the time of premature encashment

- **OD facility against deposit**

Clients will have the option of taking advance up to 90% of the deposited amount at the time of application. The prevailing lending rate will be affected against the advance.

- **Documentation**

In order to open the account, the account holder will execute the following documentation:

- Fulfilling account opening formalities
- Filling up the SDS application form
- 1 copy passport size photograph of the applicant
- 1 copy passport size photograph of the nominee attested by the applicant

- **Restrictions & client eligibility**

- Any Bangladeshi citizen attaining 18 years of age will be eligible to avail this product by opening an account in any of the branches of DBL. Branch will ensure compliance with account opening formalities.
- A minor operated by the legal guardian may also open the account.

- The deposited amount and the tenure agreed by the applicant and accepted by the bank at the time of opening the account cannot be changed afterwards.

### 3.4.4 Salary Account

Dhaka Bank has launched a special package of savings account for employees belonging to institutions with which Dhaka Bank has a corporate agreement. With this package salaried employees of these institutions enjoy interest on a daily balance. The key features of the salary account are:

- Interest to be calculated on a daily balance basis
- No periodic service charge
- ATM card facility
- Credit card facility
- On-line banking facility
- Internet & SMS banking facility



### 3.4.5 Income Unlimited

The management of Dhaka Bank Limited is pleased to launch Special Deposit Scheme, a new liability product on May 04, 2005.

- **Product Name-** Income unlimited
- **Products features**

<b>Deposit amount</b>	<b>In multiples of taka 50,000</b> however the <b>minimum deposit will be taka 1, 00,000</b> (singly or jointly) and the <b>maximum taka 50, 00,000</b> (singly/jointly).
<b>Initial deposit date</b>	Any day of the month
<b>Interest due</b>	One month after the initial deposit date the interest will be credited to the savings/current account.
<b>Tenure</b>	3 years
<b>Monthly income on taka 100,000</b>	taka 1,000 subject to 10% Income Tax

<b>Rate of interest</b>	12% (simple)
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- **Opening an account** - Clients must have or open a savings account through which initial deposit will be collected. The monthly interest accrued on the deposit will be disbursed to the client through this savings/current account.
- **Deposit mode** - The depositor(s) will have the option of making the initial deposit to the new / existing savings account in cash or through an account payee cheque.
- **Interest payout mode** - Interest payout mode should be transfer to savings account.
- **Interest payout frequency** - Interest payout frequency should be monthly.
- **Renewal / redemption instruction** - Maturity / renewal instruction should only be “Renew principal and redeem interest” or redeem interest & principal
- **Closure of account** - The account will immediately cease to operate in case of death of the depositor
- **Settlement of account** - The account will be settled in line with the instructions laid down in the account opening forms in case of death of the accountholder.
- **Premature encashment** - If any client chooses to withdraw the deposit before the tenure, then s/he will only be entitled to prevailing interest rate on savings account in addition to the initial deposit. However, withdrawal of the deposited amount before one year will not earn any interest to the depositor(s). Amount already paid to the clients monthly along with the tax should be adjusted accordingly.
- **Settlement of pre-mature encashment**

Premature encashment before maturity, but after one year	The client will be entitled to prevailing interest rate on the savings account	The interest already credited to the clients account on a monthly basis to be adjusted against principal deposit at the time of premature encashment
Premature encashment before maturity and before one year	The client will be entitled no interest	The interest already credited to the clients account on a monthly basis to be adjusted against principal deposit at the time of premature encashment



- **OD facility against deposit** - Clients will have the option of taking advance up to 90% of the deposited amount at the time of application. The prevailing lending rate will be affected against the advance.
- **Documentation** - In order to open the account, the account holder will execute the following documentation:
  - ✓ Fulfilling account opening formalities
  - ✓ Filling up the SDS application form
  - ✓ 1 copy passport size photograph of the applicant
  - ✓ 1 copy passport size photograph of the nominee attested by the applicant

### **Restrictions & client eligibility**

Any Bangladeshi citizen attaining 18 years of age will be eligible to avail this product by opening an account in any of the branches of DBL. Branch will ensure compliance with account opening formalities.

- ✓ A minor operated by the legal guardian may also open the account.
- ✓ The deposited amount and the tenure agreed by the applicant and accepted by the bank at the time of opening the account cannot be changed afterwards.

### **3.4.6 Smart Plant**

#### **What is Smart Plant?**

Smart Plant offers you to multiply your initial cash to 10 times in 6 years. You are required to deposit at least taka 10,000 or multiple of it to avail the opportunity. In single name you can deposit maximum taka 50,00,000. Dhaka Bank shall contribute 4 times of your deposited amount to build up a fund for issuance of Smart Plant.

#### **What is the maturity period of Smart Plant?**

Maturity period of the Smart Plant is 6 years.

#### **What would be the matured value?**

The total Smart Plant amount (your deposit + bank contribution) will double in 6 years. For



example; if you deposit taka 10,000, bank shall contribute taka 40,000, altogether the Smart Plant amount will be taka 50,000. On maturity (after 6 years) the Smart Plant amount will be taka 1,00,000<sup>1</sup>.

**How can I repay bank contribution?**

You will repay the bank contribution amount in 72 equal installments. After repayment of all installments the matured value will be credited in your savings account<sup>1</sup>.

**Is there any late payment fee on equal monthly installment?**

If you fail to pay the installment within the due date, a late payment fee of 2% per month of the installment amount will be charged.

**Is there any age limit for availing this opportunity?**

If you are a Bangladeshi with an age more than 18 years and not exceeding 54 years, you can avail Smart Plant.

**Can I discontinue Smart Plant?**

Yes, you can discontinue the Smart Plant subject to the following.

- Before the 1st year, no interest
- After 1st year, prevailing savings rate.
- Closing fee is 1% of your deposited amount or subject to minimum Taka 500.

**Do I require opening a Savings Account?**

Yes you are required to open a Savings account or Smart account to maintain the Smart Plant.

**Can I take loan against my Smart Plant contribution?**

You will have the option of taking advance up to 90% of your contributed amount. The lending rate will be tied up with the interest rate offered on the deposit.

**What will happen if I die before Smart Plant maturity?**

Your nominee shall get matured value of Smart Plant if you demise prematurely before completing Smart Plant period. However, death from self-inflicted injury, suicide during the first year of insurance coverage, AIDS and HIV related disease, abuse of alcohol or drugs, war, or riot, or civil commotion, illegal act/criminal activity, death due to any reason within the first 3 months of coverage except for accidental death, natural disaster viz. earth quake, tsunami etc.

### 3.4

#### ACCOUNT OPENING PROCESS:

<b>Step 1</b>	The account should be properly introduced by Any one of the following: <ul style="list-style-type: none"><li>▪ An existing account holder of the Bank.</li></ul>
<b>Step 2</b>	<ul style="list-style-type: none"><li>▪ Receiving filled up application in bank's prescribed form mentioning what type of account is desired to be opened</li></ul>
<b>Step 3</b>	<ul style="list-style-type: none"><li>▪ The form is filled up by the applicant himself / herself</li><li>▪ The applicant must provide a photocopy of national ID card.</li><li>▪ Two copies of passport size photographs from individual are taken, in case of firms photographs of all partners are taken</li><li>▪ Applicants must submit required documents</li><li>▪ Application must sign specimen signature sheet and give mandate</li><li>▪ Introducer's signature and accounts number – verified by legal officer</li></ul>
<b>Step 4</b>	Authorized officer accepts the application
<b>Step 5</b>	Minimum balance is deposited – only cash is accepted
<b>Step 6</b>	Account is opened and a cheque book and pay-in-slip book is given

#### 3.4.1 General (For all types of accounts)

Account opening form must be properly filled-in.

1. Authorized specimen signature must be properly signed by each signatory along with necessary instructions.
2. Account should have proper instruction, introducer should have an account with DBL; introducer's signature must be verified by an officer of DBL under full signature.
3. Initial Deposit should preferably be as per minimum requirement of DBL.
4. Each authorized signatory should fill-in the customer information details form separately.

5. Passport size color photograph (One copy of each signatory and two copies of nominee must be obtained – duly attested by the introducer for signatory and by the applicant for nominee)
6. Letter of thanks should be given to the account holder to be mailed under registered post with A/D of courier.
7. On obtaining all documentation and formalities of the applicant, cheque books are to be issued upon request of the applicant.
8. Special instruction (if any) should be given in appropriate place. In case of company account, the special instruction is to be provided as per the Article of Association and the Memorandum of Association of the Company.
9. Photocopy of Passport of the authorized signatory should be obtained in case the account is not a company account.
10. Registration no & VAT registration no. & date, trade license no. & date should be clearly specified for company and birth date for individuals wherever required in the CIF.
11. Thana and/or Upazilla code must be clearly specified in the CIF of the applicant and/or the authorized signatory of the account to be opened.
12. Transaction Profile of the account must be duly filled in and signed by the authorized signatories of the account to be opened.
13. Nominee declaration form must be duly filled in and signed accordingly for all nominees as specified in the account opening form for accounts opened other than company account. CIF should be duly filled in and signed by the nominee for all nominees specified in the account opening form.
14. Other necessary documentations & formalities to be obtained / observed as specified by the bank from time to time.

#### **3.4.2 In Case Of Foreign Currency Account**

1. Account opening form (application, nomination, declaration) duly filled in and signed
2. Photocopy of passport of its first 4 pages.
3. Photocopy of work permit (for RFCD account).
4. Any letter about service or its photocopy from the employer.
5. Citizenship certificate if available (for NFCD account).
6. Certificate of approval from relevant authority.

7. Two passport size photograph of the nominee duly attested by the account holder.
8. One passport size photograph of the applicant(s) duly attested by the introducer.

#### **3.4.3 In Case Of Proprietorship Account**

1. All general formalities & documentation should be adhered to as required for proprietorship accounts.
2. Attested photocopy of valid trade license to be obtained for Proprietorship accounts.

#### **3.4.4 In Case Of Partnership Account**

1. All general formalities & documentation should be adhered to as required for Partnership accounts.
2. Copy of notarized partnership deed certified by all the partners of registered partnership deed (registered with the Registrar of Joint Stock Companies and Firms) – duly certified by the Registrar of Joint Stock Companies and Firms.
3. Partnership resolution signed by all the partners to open account with Dhaka Bank Limited indicating the type of account and mode of operation.

#### **3.4.5 In Case Of Private / Public Limited Company Account**

1. All general formalities & documentation should be adhered to as required for Private/Public Limited company accounts.
2. Memorandum and Articles of Association – duly certified by the Registrar of Joint Stock Companies and Firms.
3. Certificate of Incorporation – duly certified by the Registrar of Joint Stock Companies and Firms.
4. Board Resolution – duly certified by the Chairman / Secretary of the Company.
5. FORM XII and Schedule X – duly certified by the Registrar of Joint Stock Companies and Firms.
6. Certificate of Commencement of Business-duly certified by the Registrar of Joint Stock Companies and Firms. (Only in case of Public Limited Company).

### **3.4.6 In Case Of Club / Society**

1. Certified copy of registration certificate.
2. Certified copy of Charter / by-laws and Regulations / Constitution of the relevant organization.
3. Copy of Resolution of Managing Committee / Executive Committee-duly certified by the Chairman / Secretary.
4. List of Members of the Managing Committee / Executive Committee – duly certified by the Chairman / Secretary.

### **3.4.7 In Case Of Non-Government School / College / University / Madrasha / Muktab**

1. Certified copy of registration certificate.
2. Copy of resolution of Managing Committee / Governing Body authorizing opening and operation of account with DBL-duly certified by a Gazette Officer.
3. List of Members of the Managing Committee / Governing Body-duly certified by a Gazette Officer.

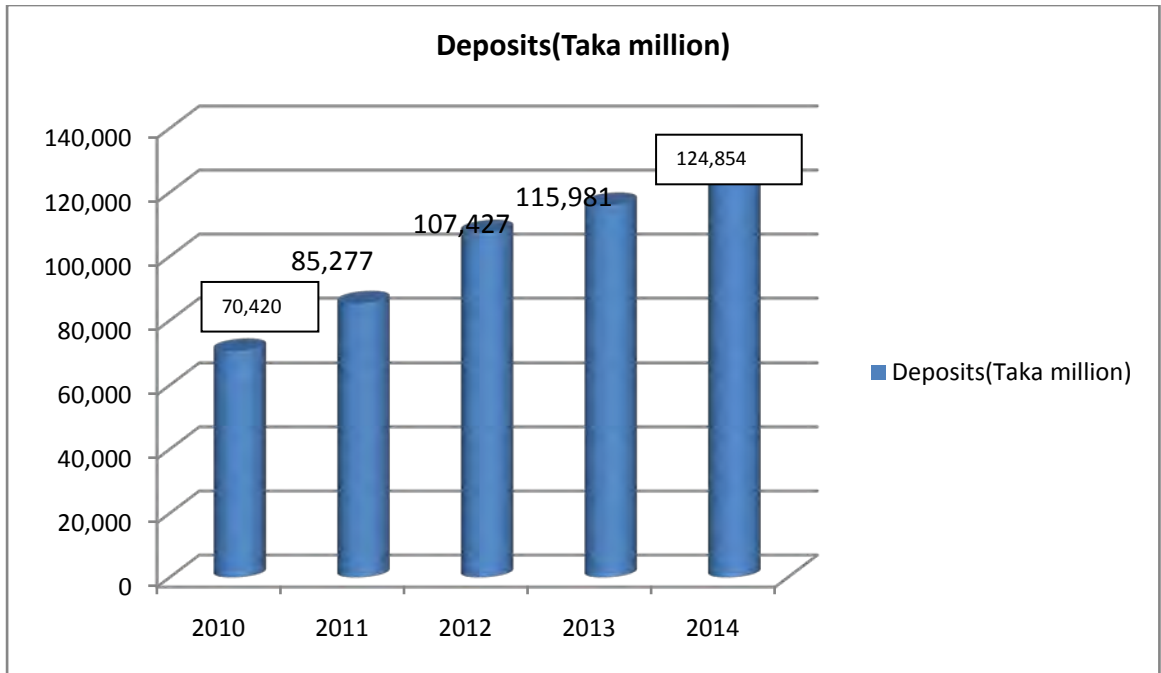
### **3.4.8 In Case Of Sector Corporations**

1. Certified copy of the relevant Presidential Order / Act of Parliament establishing the Corporation.
2. Resolution of Board of Directors / Competent Authority to open Account with DBL.
3. Certified list of Board of Directors (if any).

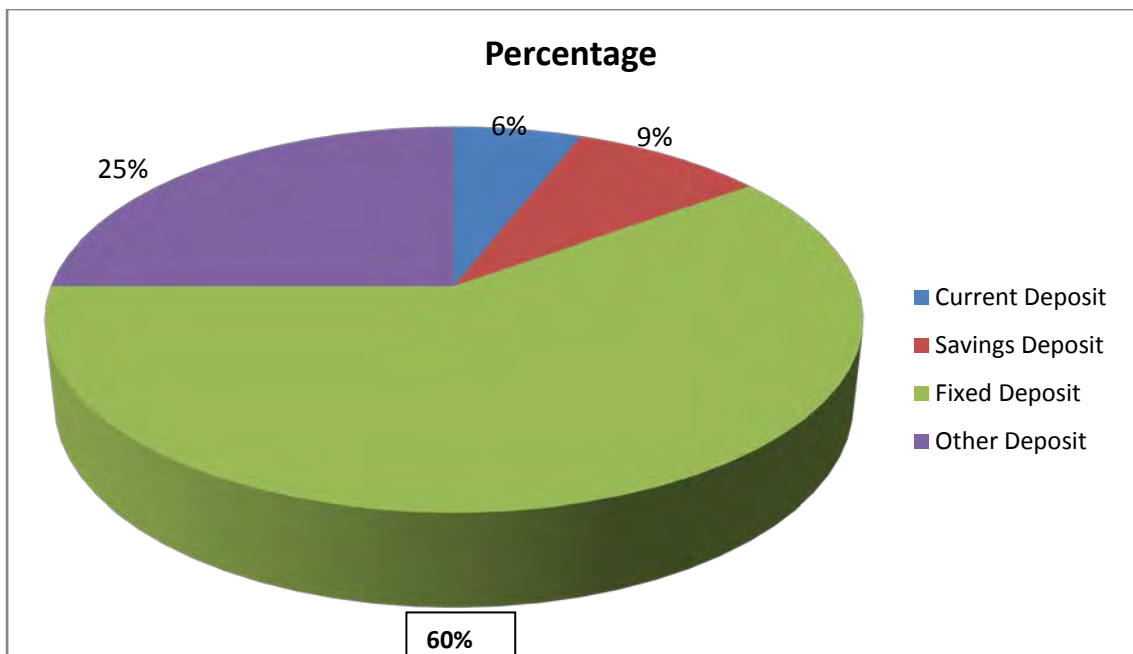
### **3.4.9 In Case Of Local Authorities / City Corporation etc**

1. Certified copy of Statute / any other Law by which the body is created and governed.
2. Resolution of Municipal Committee / Managing Body (if any) to open account with DBL – duly certified by the Chairman / Mayor / Competent Authority.
3. List of Members of such Committee / Body-duly certified by the Chairman / Mayor / Competent Authority.

**3.5 Essential performance of DBL in terms of Deposits over five years:**As number of accounts opened over the five years period is difficult to identify, so, from the amount of deposits over five years we can have an idea about number of accounts as most of the deposits are collected by account opening.



**3.6 Essential performance of DBL –Balance sheet: Deposit Mix 2014**



## RESULTS AND DISCUSSION





### 3.7 Errors in account opening process:

- ✚ **Information gap:** is a major problem in account opening process. The account opening officer should collect appropriate information from the client. Then should be posted on the flex cube software carefully. Because once a mistake is occurred there is no option to rectify. Then a new account needs to be opened by the officer.
  
- ✚ **Collection of TIN certificate:** Ignorance in collection of TIN certificate is another major error. Account holder's TIN certificate need to be collected, preserved and should be posted in the system carefully, otherwise 15% of the interest earned is deducted from the account as Government Tax. If TIN certificate is collected and posted in the account then only 10% Tax is deducted from the account.
  
- ✚ **Address:** Sometimes account holders address is not appropriately collected. Account opening officer should collect account holder's address appropriately. Because Letter of thanks should be given to the account holder to be mailed under registered post with A/D of courier, for KYC and verification.
  
- ✚ **Identification:** Identification is not done properly. As per Section 19 KA of the Prevention of Money Laundering Act 2002 requires all institution to seek satisfactory evidence of the identity of those with whom they deal and also as per Bangladesh Bank guidelines. Customer present address should be verified physically or issuing a thanks letter registered with the Acknowledge Due then the banks satisfy about the present address of the clients.
  
- ✚ **Know your customer (KYC):** KYC is sometimes ignored. As per Bangladesh Bank guidelines KYC is one more additional documents .By this document bank will be known customers detail and risk involvement of customer. If a customer has established an account using a false identify, she may be doing so to defraud the institution itself or to ensure that she cannot be traced to the crime the proceeds of which the institution is being used to money launder. A false name, address will

usually mean that enforcement agencies cannot trace the customer if he is needed for interview of an investigation.

- ✚ **Trade License:** In case of opening current account for company up to date trade license needs to be collected. Registration no & VAT registration no. & date, trade license no. & date should be clearly specified for company. But error is made in these things.
  
- ✚ **Transaction Profile:** Some mistakes are done in case of TP. For creating TP for an account, supporting documents need to be collected otherwise cannot be approved any transaction limit. It can create money laundering problem for the Bank. Sometimes clients came to increase their TP limit in this case source of money and supporting documents are needed. Ex-if the source of money is from car sale or land sale, then supporting document related to car or land sale need to be submitted. If the client has healthy salary account with this bank or other bank, then the statement can also be used as supporting document. In the TP five major portions must have to be mentioned clearly. Relating officer of the bank will verify and monitor the transaction mentioned in the TP. If any major change in transaction a clarification should have to be kept in abnormal transaction file and existing TP will have to be change. In order to be able to judge whether a transaction is or not suspicious, institutions need to have a clear understanding of the business carried on by their customer.
  
- ✚ **Software problem:** The flex cube software that is used in Dhaka bank for account opening, it has limitation for characters. Ex- only 12 or 16 characters can be posted and sometimes it creates misunderstandings when shared centrally. Like: organization name sometimes used short form for character limitation. Another major problem is some options are not customized they need to be selected from limited option/categories. Ex-service or business category, sometimes appropriate options are not available in the software. Another example is gender, there are only two options male and female but for hermaphrodites there is no option and it is a major problem sometimes faced by the account opening officers.

- ✚ **Collection of other important issues:** Sometimes account opening officers do not collect important thing from clients, like: signature of the nominee or photograph of the nominee. Because sometimes client come alone for account opening and request the officer to open the account and promise to come along with the nominee latter but then the client make delay. For this reason account opening form remains incomplete and when the internal and external audit come it's became a matter of Bank's reputation. And it also kills time of the officers to find out the form from the volt and complete the form when the client came next time. Sometimes they make mistakes to fill up the Banker's use only part of the account opening form and they again ask the client to come and give signature in the new form.
- ✚ **Cheque book issuance:** Sometimes account opening officer forgot to fill up the cheque book requisition form by the client at the time of account opening. And again call the client to come and to signee the form. Sometimes officers make delay to send request to the head office for cheque book requisition and also make delay to inform the customer to receive cheque book after it came to Khulna branch. Customers suffer a lot for these reasons because sometimes they need the chaque book badly.
- ✚ **ATM card:** They also delay to inform the clients to receive their ATM cards. In case of providing captured ATM cards some mistakes happen like; delaying in sending request to the hade office and delaying in informing the customer.

### **3.8 Analysis of Findings:**

From the analysis I have found the main reasons behind the errors are:

- ✚ **Ignorance:** Ignorance is a main reason behind the errors performed by account opening officers in Dhaka Bank Ltd. They are not sincere about their work and they don't have the knowledge about the importance of the steps in account opening process.
- ✚ **Inappropriate knowledge:** Inappropriate knowledge of the account opening officers in the related field is a major cause. Sometimes they don't have appropriate knowledge about identification, TP and KYC.

- ✚ Lack of training: In DBL training programs are not facilitated to all the employees. Most of the cases one employee from individual department is given training and later they teach other employees, for this reason there always remains lacking.
- ✚ Lack of communication: Communication gap among account opening officers and account holders is a major problem. Sometimes important information and documents are not collected by the officers.
- ✚ Lack of sincerity: account opening officers in DBL are not sincere enough about the accounting opening process and documentation. Large work load is a cause of insincerity.
- ✚ Lack of supervision: Proper supervision increases productivity and decreases mistakes or errors. Lack of supervision is also a problem in DBL.
- ✚ Over pressure of work: There is always a rush of customers so there is no standard on what the employees do throughout the day. The work activities of an employee is set, but what to do when varies along the day
- ✚ Limited number of employees: In DBL Khulna Branch there is less number of employees in accordance with the work load, for this reason errors are occurred frequently.
- ✚ Limitations of software: The work process could be made faster with better computers and operating systems.
- ✚ Lack of motivation: A good job performance is rarely praised, hence lacking motivation of the employees.

### **3.9 Solution of the problem:**

- ✦ Work should never left pending for the next day unless it is absolutely necessary. Pending work load decrease productivity. And possibility of error increases.
- ✦ The work process could be made faster with better computers and operating systems. Design of software should be changed in accordance with the necessity of the work and present limitations of the software need to be overcome.
- ✦ A good job performance is rarely praised, hence lacking motivation of the employees. Good performance should be rewarded as well as bad performance should be criticized.
- ✦ There is always a rush of customers so there is no standard on what the employees do throughout the day. Excess pressure of work on the employees decrease their productivity so in accordance with the work load more employees should be hired.
- ✦ In the prevailing system internal audit department create report on department based. That is why, performance of individual employee cannot be measured as well as individual lacking cannot be found and the errors are not solved. Report should be made on individual performance based.
- ✦ Training regarding the works are not appropriately provided to the employees, most of the time they learn from one another. Lack of knowledge regarding the job and lack of communication often create the errors. For account opening process the officers sometimes don't have appropriate knowledge about the necessary documents and importance of every step in account opening process.
- ✦ Yearly one meeting should be held with the account opening officers of the bank, where they could share their experience of problems faced by them while opening account for the clients of the bank. They can also discuss and suggest how their software design can be changed regarding the problems.

### **3.10 Conclusion:**

In the internship period I have gathered a different type of experience. It is well-established statement that practical situations always differ from theoretical explanation. During the internship program at KDA Avenue Branch, Khulna of Dhaka Bank Limited almost all the account opening desks have been observed. And I have found that theory deviates from practice more or less. I have observed the function of Account opening process of DBL, which will help me a lot I my professional career.

Among all the financial institutions banking is the most dynamic and influential one. In banking we can see the huge competition which is not present in any other sector of the business arena, particularly in the financial sector. Every single division of every bank is working with their heart and soul to provide the best service to its customer to gain the major market share and to lead the banking sector. So this unit is also doing what they should do to set the bank at the pinnacle of ultimate success.

Accepting deposits is one of the main functions of commercial banks. In DBL various types of accounts are offered to various customers. In 2014 total deposits in DBL was 124,854 million. Individual bank deposits provide the least expensive cost of new money for the bank to loan out.

As a private commercial bank, DBL is trying it's best to extend their service to the public. DBL, KDA Avenue Branch Khulna provides all kinds of commercial banking services to its customers. It is a great opportunity for me to get used with the operational environment of commercial banking of DBL. I have tried by soul to incorporate the internship report with necessary relevant information. It can be said that Dhaka Bank's future prospect in the financial sector is good. But it need to change some policy, management should monitor all the work of branch level, take strong decision and implement them.

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