REPORT ON

"PRACTICAL ORIENTATION OF SOUTHEAST BANK LIMITED"

A Bank With Vision
Practical Orientation
Of
Southeast Bank Limited, Motijheel Branch
(Islamic Banking)

Prepared For
Farzana Chowdhury
Director, Carrier Services
BRAC University

Prepared By
Jenat Alam Swarna
ID: 02204031
BRAC Business School
BRAC University
January 22, 2008

Farzana Chowdhury  
Director, Carrier Services  
BRAC Business School  
BRAC University

**Subject: Submission of dissertation report on “Practical Orientation of Southeast Bank, Motijheel Branch.”**

Dear Sir,

I am pleased and happy to submit this dissertation report on “Practical Orientation of Southeast Bank, Motijheel Branch.” I have written this report based on my exposure to general banking and Credit departments of Motijheel Branch, Southeast Bank Ltd. It is a great pleasure for me to present you this report and it would be pleasure for me if this report can serve its purposes.

I would like to request you to accept my report and oblige thereby.

Thanking you,

Sincerely yours,

Jenat Alam Swarna  
ID: 02204031  
BRAC Business School  
BRAC University.
ACKNOWLEDGEMENT

At the very beginning I would like to express my deepest gratitude to almighty ALLAH for giving me the strength and the composure to finish the task within the scheduled time.

I like to give many special thanks to FARZANA CHOWDHURY, Director of Carrier Services helped me a lot. Her cooperation and friendly support was really helpful to overcome my problems.

I am deeply indebted to my internal guide ALI SALMAN, BBA Program Coordinator. His whole-hearted supervision to me during the practical orientation period has helped me a lot. To make this report, his suggestions and comments was really a great source of spirit for me.

I am thankful to MOHammed GOFRAN, Senior Executive Vice President, Head Office, for providing me the opportunity to complete my Internship Program in Southeast Bank.

I am also thankful to SHAHID HOSSAIN, Executive Vice President, Head Office, for providing me the opportunity to have my practical orientation in Motijheel branch.

My heartfelt gratitude goes to NURUDDIN MD. SADEQUE HOSSAIN, First Vice President & HOB Southeast Bank, Motijheel for giving me valuable advices and suggestions to complete the whole thing in a right manner.

My sincere gratitude goes to MD. GIAS UDDIN BHUIYAN, Senior Principal Officer & M.O who gave special attention to me from the very beginning of my Internship at SEBL,MB
# Table of Contents

1.0 CHAPTER ONE: INTRODUCTION
1.1 ORIGIN OF THE REPORT 01
1.2 HISTORY 01
1.3 PRODUCT OR SERVICE OFFERINGS 02
1.4 ABOUT CREDIT CARD AND SMS BANKING 02
1.5 OPERATIONAL NETWORK 04
1.6 INDICATORS HIGHLIGHTS ON THE OVERALL ACTIVITIES 05
1.7 BRANCH ORGANOGRAM 06
1.8 VISION FOR THE FUTURE 07
1.9 MISSION 07

2.0 CHAPTER TWO: ABOUT JOB
2.1 DESCRIPTION /NATURE OF THE JOB 08
2.2 SPECIFIC RESPONSIBILITIES OF THE JOB 08
2.3 CRITICAL OBSERVATIONS AND RECOMMENDATION 14

3.0 CHAPTER THREE: PROJECT
3.1 SUMMERY 15
3.1.1 COMMITMENTS TO CLIENT'S 15
3.2 OBJECTIVE 16
3.3 SCOPE OF THE STUDY 16
3.4 LIMITATIONS 16

4.0 CHAPTER FOUR: GENERAL BANKING DEPARTMENT
4.1 ACCOUNT OPENING 19
4.1.1 ACCEPTING DEPOSITS 19
4.1.11 DENAMD DEPOSITS 19
4.1.12 TIME DEPOSITS 21
4.1.2 OPENING OF ACCOUNT 29
4.1.3 CHEQUE BOOK ISSUE 35
4.1.4 TRANSFER OF ACCOUNT 36
4.1.5 CLOSING OF ACCOUNT 37
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2</td>
<td>CASH SECTION</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>IT SECTION</td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>CLEARING SECTION</td>
<td></td>
</tr>
<tr>
<td>4.5</td>
<td>ACCOUNTS SECTION</td>
<td></td>
</tr>
<tr>
<td>5.0</td>
<td>CHAPTER FIVE: CREDIT DEPARTMENT</td>
<td></td>
</tr>
<tr>
<td>5.1</td>
<td>INVESTMENT PROCESSING</td>
<td></td>
</tr>
<tr>
<td>5.1.1</td>
<td>LOAN PRICING</td>
<td></td>
</tr>
<tr>
<td>5.1.2</td>
<td>CREATION OF CHARGE ON SECURITY</td>
<td></td>
</tr>
<tr>
<td>5.1.3</td>
<td>ORGANIZATIONAL STRUCTURE</td>
<td></td>
</tr>
<tr>
<td>5.1.4</td>
<td>APPEAL PROCESS</td>
<td></td>
</tr>
<tr>
<td>5.1.5</td>
<td>CREDIT APPROVAL PROCESS</td>
<td></td>
</tr>
<tr>
<td>5.1.6</td>
<td>CREDIT ADMINISTRATION</td>
<td></td>
</tr>
<tr>
<td>5.1.7</td>
<td>PROCESS OF LOAN</td>
<td></td>
</tr>
<tr>
<td>5.1.8</td>
<td>TYPES OF LOAN</td>
<td></td>
</tr>
<tr>
<td>5.2</td>
<td>DOCUMENTATION</td>
<td></td>
</tr>
<tr>
<td>5.2.1</td>
<td>RELEASE OF SECURITIES</td>
<td></td>
</tr>
<tr>
<td>5.2.2</td>
<td>GUIDELINES TOWARDS DOCUMENTATION</td>
<td></td>
</tr>
<tr>
<td>5.3</td>
<td>SANCTION</td>
<td></td>
</tr>
<tr>
<td>5.3.1</td>
<td>SANCTIONING PROCESS</td>
<td></td>
</tr>
<tr>
<td>5.3.2</td>
<td>DISBURSEMENT</td>
<td></td>
</tr>
<tr>
<td>5.3.3</td>
<td>CONTROL OF CREDIT INFORMATION</td>
<td></td>
</tr>
<tr>
<td>5.3.4</td>
<td>BANK GUARANTEE</td>
<td></td>
</tr>
<tr>
<td>6.0</td>
<td>CHAPTER SIX: SWOT ANALYSIS</td>
<td></td>
</tr>
<tr>
<td>7.0</td>
<td>CHAPTER SEVEN: OBSERVATION &amp;RECOMMENDATION</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CONCLUSION</td>
<td></td>
</tr>
<tr>
<td></td>
<td>REFERENCE</td>
<td></td>
</tr>
<tr>
<td>CHART</td>
<td>Page</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>CHART-01</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>CHART-02</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>CHART-03</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>CHART-04</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>CHART-05</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>CHART-06</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>CHART-07</td>
<td>59</td>
<td></td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

Banking system of Bangladesh has gone through three phases of development—Nationalization, Privatization, and Lastly Financial Sector Reform. Southeast Bank Limited (SEBL) incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995.

While running practical orientation with SEBL, Motijheel Branch, I was placed in two vital departments. These were:

- General banking
- Credit

General banking is the starting point of all the banking operations. It is the department, which provides day-to-day services to the customers. It opens new Accounts, Issue bank drafts and pay orders, Clearing, Accounts etc. Providing quick and sincere services to the customer is the goal of the general banking department.

Bank credit is an important catalyst for bringing about economic development in a country. Without adequate finance, there can be no growth or maintenance of a stable economy. Southeast Bank Limited, being one of the largest private commercial bank of the country, has some prejudice to finance directly on priority basis to agriculture, industry and commerce sector for strengthening the economic base of the country. Hence, it is very clear that, SEBL Bank plays an important role to move the economic wheel of the country. Providing different sorts of credit and schemes, Trust Receipt, Bank Guarantee, Consumer Credit Schemes, Staff Loan-House Building, Advance PC, Bai-Muajjal (Commercial & Industrial), Hire Purchase Commercial & Real state (Hire Purchase Shirkatul Mielk), Quard against Deposit, Inland Document Bill Purchase, Foreign bill purchase and Discount.
Chapter: 01

INTRODUCTION
1.1 ORIGIN OF THE REPORT:

The banking world has been undergoing rapid and fundamental changes. The speed of these changes has been maintained even after the global financial turmoil experienced during the past few years. It is well recognized that there is an urgent need for better-qualified management and better-trained staff in the dynamic global financial market. Bangladesh is no exception of this trend. Bank education is a practice-oriented education and Banking Sector in Bangladesh is facing challenges from different angles though its prospect is bright in the future. The objective of the 3 month Internship to develop the specific skills and the breadth of judgment required of effective financial executives or bankers. To growing up my knowledge, I was sent to SOUTHEAST BANK LIMITED Motijheel Branch (Islamic Banking) from September 5, 2007 to December 05, 2007. This Report has been prepared on the basis of my practical experiences on the day-to-day banking activities and under the close supervision of my Organizational Supervisor Ali Salman and close guidance of Banks Supervisor Nuruddin Md. Sadeque Hossain (Head of Brach)

1.2 HISTORY

Southeast Bank Limited is a scheduled commercial bank in the private sector established under the ambit of Bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995. During this short span of time the Bank is successful in positioning itself as a progressive and dynamic financial institution in the country. The bank achieved the Certificate of commencement of business by the Registrar of Joint Stock Companies and Firms on the date of its incorporation and started its operations under private sector. Bangladesh Bank issued Banking License to the bank on March 25, 1995. Mr. M. Saifur Rahman, former Finance Minister of Bangladesh, inaugurated the foremost branch of the bank at 1, Dilkusha Commercial Area, Dhaka on 25th of the same year. As on December 31, 2006; the authorized capital of the bank is tk.3, 500 million (m) whereas the paid up capital & reserve fund are tk.2, 113 m and 2,828.18 m respectively. In view of the above, the Bank within a period of 12 years of its operation achieved a remarkable success and met up capital adequacy requirement of Bangladesh Bank. In present the Bank has 38 Branch which they are leading very successfully.
### Products:

<table>
<thead>
<tr>
<th>Products</th>
<th>Fixed Deposit:</th>
<th>Savings scheme:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 Month</td>
<td>Double Benefit Scheme</td>
</tr>
<tr>
<td></td>
<td>2 (Months</td>
<td>Hajj Saving Scheme</td>
</tr>
<tr>
<td></td>
<td>3 Months</td>
<td>Pension Savings Scheme</td>
</tr>
<tr>
<td></td>
<td>6 Months</td>
<td>Mudarabah Monthly Income Scheme</td>
</tr>
<tr>
<td></td>
<td>1 year</td>
<td></td>
</tr>
<tr>
<td>Loan Scheme:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project Loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>House Building Loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small Business Loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consumer Financing Scheme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lease Finance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal Loan</td>
<td></td>
</tr>
<tr>
<td>Demand Loan:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loan General</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Demand Loan against Ship Breaking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Payment against Document (PAD)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loan against Import Merchandise (LIM)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loan against Trust Receipt (LTR)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Forced Loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Secured Over Draft against Cash Incentive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Foreign Documentary Bills Purchased (FDBP)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local Documentary Bills Purchased (LDBP /IDBP)</td>
<td></td>
</tr>
<tr>
<td>Continuous Loan:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Secured Over Draft against Financial Obligation (SOD, FO)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Secured Over Draft Against Work Order / Real Estate etc. (SOD, GEN.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash Credit (Hypothecation)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash Credit (Pledge)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Export Cash Credit (ECC)</td>
<td></td>
</tr>
</tbody>
</table>

### Services:

<table>
<thead>
<tr>
<th>Locker Services</th>
<th>Yearly Charge</th>
<th>Security Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>Tk. 750/=</td>
<td>Tk. 2,500/= (Refundable) for all types of lockers</td>
</tr>
<tr>
<td>Medium</td>
<td>Tk. 1,250/=</td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>Tk. 2,000/=</td>
<td></td>
</tr>
</tbody>
</table>

### 1.4 CREDIT CARD:

Credit Card services have become an integral part of Business for many banks and financial institutions around the world. It has been widely accepted as the best payment tool.
Southeast Bank Limited

regardless of location and time. SEBL are in the card business just little over two years after obtaining principal membership from VISA International. Banks total issue stands at about 6000 at the end of the year, under review Banks classified amount is tk. 6.30 million against total portfolio of tk. 124.03 million which is less than 5% involving 136 cardholders. Bank will continue to focus on bringing new value added services and features such as SMS services for the benefit of the customer.

**SMS BANKING:**

Any where any time customers of southeast banks are under the umbrella of banking operation. Customer has to register in SEBL SMS Banking System. One mobile phone will give persons a wide range of banking facilities for all the accounts of the customer.

There are 4 types of services are available in SMS Banking.

1. Pull Services
2. Request Services
3. Execution Services
4. Alert Services

A few terms and Conditions:

1. Registration form must be completed and submitted to the branch, where the account (s) is maintained.
2. The account holder(s) is solely responsible for any misuse of SMS Banking service.
3. The client(s) is solely responsible for maintaining the confidentiality of his/her financial information by ensuring safe holding of the PIN and mobile phone assigned for the SEBL Banking service.
4. To stop the SMS Banking Service or to reactive the stopped SMS Banking Service or to know the existing PIN.
5. Stop payment and Cheque Leaf Reactivation for payment services will be available during office hour only. Account Statement Request is limited for previous 6 (six) months only.
6. Reply SMS charges are monthly payable with 15% VAT.
7. The bank reserves the right to revise SMS Banking Service Policy and Charges and change/add the terms and conditions at any time.
1.5 OPERATIONAL NETWORK:

Organogram of Head Office

Board of Directors

Executive Committee of the Directors

Managing Director

Head Office Credit Committee

DMD - I

Board & Share Division

Human Resources Division (HRD)

Logistic & General Services Division

Financial Control & Accounts Division

Branches Control Division (BCD)

Research & Development & Training Institute

Loan Administration Division (LAD)

DMD - II

International Division including Treasury Operation

Credit Division (Head of Credit)

Marketing Division

IT Division including Card Division

Dhaka Branches

Outside Dhaka Branches

Islamic Banking Wing

Syndication & Structured Finance

Project Finance

Garments Sector

SME

Specialized Loan (CSC/SEI/PL)
## Table 1: Highlights on the overall activities of SEBL from 2005-2006 *(FIGURES IN THOUSAND TAKA)*

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAID UP CAPITAL</td>
<td>2,112,739</td>
<td>880,308</td>
</tr>
<tr>
<td>TOTAL CAPITAL (CORE+SUPPLEM)</td>
<td>4,940,916</td>
<td>2,236,843</td>
</tr>
<tr>
<td>CAPITAL SURPLUS/DEFICIT</td>
<td>1,074,478</td>
<td>(681,764)</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>54,824,834</td>
<td>43,294,810</td>
</tr>
<tr>
<td>TOTAL DEPOSITS</td>
<td>46,056,183</td>
<td>38,258,152</td>
</tr>
<tr>
<td>TOTAL LOANS AND ADVANCES</td>
<td>41,147,282</td>
<td>32,551,089</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND COMMITMENTS</td>
<td>23,812,293</td>
<td>19,110,402</td>
</tr>
<tr>
<td>CREDIT DEPOSIT RATIO (%)</td>
<td>89.34%</td>
<td>85.08%</td>
</tr>
<tr>
<td>PERCENTAGE OF CLASSIFIED LOANS AGAINST TOTAL LOANS AND ADVANCES</td>
<td>3.97%</td>
<td>4.37%</td>
</tr>
<tr>
<td>PROFIT AFTER TAX AND PROVISIONS</td>
<td>909,880</td>
<td>374,203</td>
</tr>
<tr>
<td>AMOUNT OF CLASSIFIED LOANS DURING THE YEAR</td>
<td>1,631,786</td>
<td>1,422,242</td>
</tr>
<tr>
<td>PROVISION KEPT AGAINST CLASSIFIED LOANS</td>
<td>1,117,350</td>
<td>812,601</td>
</tr>
<tr>
<td>PROVISION SURPLUS/(DEFICIT)</td>
<td>2,188</td>
<td>7</td>
</tr>
<tr>
<td>COST OF FUND</td>
<td>9.43%</td>
<td>7.95%</td>
</tr>
<tr>
<td>INTEREST EARNING ASSETS</td>
<td>46,488,844</td>
<td>36,935,052</td>
</tr>
<tr>
<td>NON-INTEREST EARNING ASSETS</td>
<td>8,335,990</td>
<td>6,358,675</td>
</tr>
<tr>
<td>RETURN ON INVESTMENT(ROI)</td>
<td>18.42%</td>
<td>16.69%</td>
</tr>
<tr>
<td>RETURN ON ASSETS(ROA)</td>
<td>1.66%</td>
<td>0.86%</td>
</tr>
<tr>
<td>INCOME FROM INVESTMENT</td>
<td>439,218</td>
<td>289,330</td>
</tr>
<tr>
<td>EARNING PER SHARE</td>
<td>67.16</td>
<td>35.42%</td>
</tr>
<tr>
<td>NET INCOME PER SHARE</td>
<td>43.07</td>
<td>35.42%</td>
</tr>
<tr>
<td>PRICE EARNING RATIO</td>
<td>4.78</td>
<td>15.80</td>
</tr>
</tbody>
</table>
1.7 BRANCH ORGANOGRAM:

Head of Branch

Manager Operations

- Credit In-Charge
- Account & General Banking In-Charge
- Foreign Exchange In-Charge
- Internal Control
- IT

- Credit Officer (RM)
- Credit Administration
- Recovery Unit (RU)
1.8 VISION FOR THE FUTURE

To be a premier banking institution in Bangladesh and contribute significantly to the national economy.

1.9 MISSION

➢ High quality financial services with the help of latest technology.
➢ Fast customer service.
➢ Sustainable growth strategy.
➢ Follow ethical standards in business.
➢ Steady return on shareholders equity.
➢ Innovative banking at a competitive price.
➢ Attract and retain quality human resource.
➢ Commitment to Corporate Social responsibility.
Chapter: 02
ABOUT JOB
2.1 DESCRIPTION /NATURE OF THE JOB

In every bank every officer has different desk to do their job similarly in SEBL, MB has different desk for every officer but as an internee they also give me one place to do work with them. At first my supervisor gives me an opportunity to do work in front desk which is under General Banking. There various types work is done by officers and I have also done those types of works with them. Like, Registered the name and amount in the maturity date of Fixed Deposit .Issuing Cheque books, Giving Information to the customers about the A/C opening, Schemes, MTDR rate etc.Under the General Banking there is some another parts like Clearing, Cash and Accounts .

After that I was shifted to Credit department .In credit department there is some section like sanctioning the loan, Making Credit Information Bureau (CIB) report and disbursement.

SEBL, MB is a small branch. But to maintain the whole related work one person is not appropriate .As an internee I was not permitted to do more responsible work. So, my main job was to observe their work how they are doing more responsible work and to do that work as per officers instruction.

2.2 Specific Responsibilities of the Job

1. As an Internee the branch didn’t give me that types of responsible work but I had some specific job .When I was in A/C opening section then at 1st I sealed (including branch name and account number ) the cheque books. When any customer come and want a new cheque book then at 1st he/she need to give the requisition (previous cheques slip) then I entered the persons /organizations name and account number in the new cheque books then I entered the name and account number in the savings or current account registered depends on type of persons account .Before taking the cheque book persons had to signature in the register.

2. My another job was to entered the FDR maturity date in the register .If any one’s FDR is matured on the certain day then the FDR maturity sheets come from the IT section. In that sheet the name list of the account holders whose FDR has matured are there. At first I bring all the register for entry the name and amount (including profit) of the maturity I entered the maturity date, the amount and cut the amounts excise duty which is depends on person’s profit.
If any customer wants to withdraw the money on the maturity date then that person deposit account will be closed but if the client only withdrawal the profit and again fixed his/her money for certain period then the procedure will be start automatically.

Most of the bank has different types of FDR monthly basis like half yearly, quarterly and year basis like for 1 year, 2 year, 3 year etc. These banks also follow some system like if any person want to withdraw their money before maturity then that person can get actual money with some interest like person who has the FDR for 2 years and want to withdraw money after one year then that person will get the actual money with one years interest.

But Southeast Bank is exceptional. People can do FDR for some different types such as: l(one) month, 2 (month), 3 (three) months, 6 (six) months, 1 (one) year. If any people want to withdraw money before maturity then that person will not get any interest.

3. When any one comes to do pay order officers make the pay order (write the name and address of the client and also the amount of the money in the pay order slip) and I entered client’s name/organizations name and the amount in the register including vat and commission.

Pay order is a one type of way of giving money to the customer. When any person wants to do a pay order. At first the account holder has to pay money/cheque to the cash counter and then responsible officer will fill up the pay order slip and give the client copy to the customer. Pay order is very safe than cheque, because cheque can be bounce but pay order can not be bounce. There are 2 types of pay order

1. Cash pay order  2. Cheque pay order.

**Cash Pay order:** When account holder will pay the money by cash and do the pay order then it is called cash pay order. Some vat and commission have to pay to bank before doing pay order.

**Cheque Pay order:** When account holder do the pay order by giving cheque to the bank then it is called cheque Pay order.

4. Providing information is another big responsibility for the responsible officer. Some clients come to Open A/C . That can be Savings or Current. Another comes to open A/C for
Proprietorship or for limited company. Some people want to know about the short term deposit or schemes then I had provided them that information’s.

Before opening an account client had to bring some document. If it was savings/Current account then 2 copy passport size photographs, National ID card, Passport copy is needed. Account holder had to fill the know your client (KYC) form very carefully. KYC form is one type of inquiry form about the client. There is some question about client’s income, earning source, how many times client will withdraw money in a week/month etc.

If the person wanted to open the A/C for sole proprietorship/limited company then client had to bring copy of trade license, TIN number, board resolution, passport, photograph, National ID card etc. With all these documents one things was very important before opening account that was introducer (person who is an account holder of that Bank). No one was allowed to open an account without introducer.

5. After that I transferred in to the credit section, all the works were included loan. These loans are given by SEBL; MB. As an Islamic Banking branch there is some different names of loans.

- Consumer Credit Schemes
- Staff Loan-House Building
- Advance PC
- Bai-Muajjal (Commercial & Industrial)
- Hire Purchase Commercial & Real state (Hire Purchase Shirkatul Mielk)
- Quard against Deposit

CIB report is very important to know the information about the person who is interested to take the loan. CIB means Credit Information Bureau. In the CIB report there will be person’s personal information and the amount that how much money he interested to take. This report will go to Central Bank (Bangladesh Bank) if the report come in favor of the client like the persons report is standard than that person will be able to take the loan. Otherwise loan will not be given to the client. Standard report means if person has already taken money/loan from other banks and timely payback the amount then the report will be standard. If the client has any type of bad reputation what has occurred in the time of back the amount then report will be unfair. Before submit the CIB to the Bangladesh Bank I enter the clients name, father’s name, Permanent address, Business address, TIN number,
Passport number, Telephone number etc. After all the process has been finished then Manager had signed it and send it to the head office then head office will send the report to Bangladesh Bank and After that Bangladesh Bank send a letter to the Head office about clients reputation is it standard or not.

If the loan is Quard loan against his/her MTDR (FDR) /Saving Scheme then the loan sanctioning is very easy and simple. Then I only made a Sanction letter to disburse money of the loan. Because the loan is fully secure. In case of this loan Person can take (80 to 90) % taka against of his/her MTDR/MMIS. For this loan purpose CIB is not required.

6. My another job was to make the sanction letter. After getting the CIB report from central bank via Head office, head office will inform the branch about client. If the client has chance to take the loan then head office had to inform all the terms and conditions and facilities which credit board were interested to provide. By depending on all the conditions I had to make the Sanction letter I made it.

For an example,

If any one take loan for construction of the building then that person have to take Hire Purchase Shirkatul Mielk real state loan. Before taking the loan amount client have to mortgage movable or immovable asset like Cheque, land or FDR.

The similar model of a sanction letter is given below which I had to make for client is given below:

**Loan Mode:** Hire purchase Shirkatul Mielk (HPSM) for construction of building.

**Investment processing fee:** Tk.1, 500/- Only

**Expiry of facility:** 36 (thirty sixty) months from the date of first disbursement

**Moratorium:** 06 (Six) months both for principal & rent amount

**Disbursement:** First disbursement will be made only after completion of necessary documentation formalities

**Expiry:** One year from the date of sanction
CONDITIONS PRECEDENT:

a. Disbursement of the investment facility only will be allowed on receiving updated clean Credit report on client from CIB, Bangladesh Bank.

b. Non Encumbrance Certificate against the project land of to be mortgaged is to be obtained.

c. Two accounts must be maintained with the Branch for proper maintenance of the investment facility

1. **CD account:** for all daily transaction of the client

2. **Term investment account:** for disbursement and repayment / maintenance of term investment.

The Bank will visit the construction site to monitor the progress of implementation / construction before disbursement of the investment facility earmarked for each phase of the project as per the draw down schedule and submit report to the Head Office, Investment Division for record and monitoring about utilization of equity and investment facility disbursed previously.

Collateral and Control:
The investment facility shall be secured by registered mortgage the property documents / paper including the original title deeds of the above land will be vetted by the legal advisor and the mortgage documentation formalities will be completed as per the legal vetting. The land revenue / Municipal tax etc. will be paid out by property owner and mortgagor. The legal fees, documentation and incidental charges will be borne by the client.

01. The mortgagors shall execute Registered Irrevocable General Power of Attorney empowering Southeast Bank Limited, Motijheel Branch, and Dhaka to sell the mortgaged property without intervention of the court in case of default of payment by you.
02. Municipal tax token receipt and NEC from Rajuk to be obtained.
03. The bank, if necessary, will engage qualified engineers and consultants to supervise the construction works of the project. The bank reserves the right to inspect the project site to ascertain the progress of construction works at any time without prior intimation to you.

04. Client will furnish any information that SEBL may request from time to time and allow officials of SEBL to visit the project site and provide access to and inspect the borrower’s books, records, accounts and assets as and when required.

**Achievement:**

**Organization’s Achievement:**

Organization has given me the good job to learn and also the organization has given an good environment to do work for this reason I get a good scope and spreading the information to others people which will be help to grow up the banks reputation.

**Clients Achievement:**

Every clients intention is to get the job very swiftly and I tried to give the best efforts to the Bank .So, the client achievement is that they have get a good job from me which has helped them to do their working procedure very swiftly.

**Personal Achievements:**

I have recently finished my BBA course and have no idea about the Banking. But after doing my 3 months Internship I have learned a lot. It is not possible to learn every thing very clearly In this short period but I have learn the banking works and their internal works how they behave with clients and how to do works and what type of procedure is done by the Banker. So, it’s a big achievement for me which will help me to do work in my practical job life.
2.2 CRITICAL OBSERVATIONS AND RECOMMENDATION

➢ In Southeast Bank, Motijheel Branch I observe something very clearly that, Banks job is very monotonous. Everyday sitting in the same place and doing same work year after year is really tough.

➢ When I was in the front desk of Account opening section there was some problem, like only 2 officers was in the desk but without 3 person it is not very easy to do job.

➢ SEBL, MB uses the software for internal transaction or entry the information. But the software should more first and more modernized to compete with foreign banks. So, I think the new software should be use to do the internal work more easily and swiftly.

➢ I face some another problem in the branch that is the Interior Design is not fully decorated. The files are keeping here and there on the table or beside the table. So, authorized should be more conscious about this matter. Sometimes I had to bring a file which was really tough for me to seek out those files.

➢ The most important think which I have observed is that SEBL, Motijheel Branch is an Islamic Banking Branch but the branch is following Corporate Banking methods so. I think Bank should follow the rules of Islamic Banking otherwise this kind of collapse can hamper the reputation of the Bank.
Chapter: 03
PROJECT
Its vision is to stand out as a premier banking institution in Bangladesh and contribute significantly to the national economy. Operational excellence coupled with qualitative improvements continued to be of paramount importance to the Bank. At present, the Bank has 38 branches across the country. Plans have been made to raise the number of branches further. Banks journey towards greater operational success continues with increased energy and enthusiasm. As it faces the challenges on the way to further improving the probability of the Bank, we rely on our skilled and experience workforce. Banks strength is close and cordial partnership with customers, its family anchored presence in the country’s strategic places of commercial and business importance, along with global reach through correspondent banks for expansion of foreign trade and foreign exchange. Banks product basket encompasses Real time online Any branch Banking, Islamic Banking, Partial Merchant Banking, Dual Currency Visa Credit Card, ATMs, Education Loan schemes, Double Benefit Schemes, Consumer loan, SME, Banking, Corporate Banking, Syndicate Loan, Monthly Savings Schemes, Monthly Income Schemes, Pension Saving Schemes etc.

3.1 Commitments to Client’s:
SEBL is a customer focused modern banking institution in Bangladesh. Banks deliver unparalleled financial services to retail, small and medium scale Enterprises (SMEs), Corporate, Institutional, Governmental and Individual Clients through branch outlets across the country. Its business initiatives center on the emerging needs of the market. Its commitments to the clients are the following:

- Provide service with high degree of professionalism and use of modern technology.
- Create long term relationship based on mutual trust.
- Respond to customer needs with speed and accuracy.
- Share their values and beliefs
- Grow as our Customers grow.
- Provide products and services at competitive pricing.
- Ensure safety and security of customer’s valuables in trust with us.
3.2 OBJECTIVE

The core objectives of the practical orientation program in banks are as follows:

- To apply theoretical knowledge in the practical field.
- To have exposure to the functions of general banking section.
- To have exposure to the functions of credit section.
- To observe the working environment in commercial banks.
- To study existing banker-customer relationship.
- To gather knowledge about the functions and transactions of different departments of bank branch.
- Check the compliance of practice with the theory.

3.3 SCOPE OF THE STUDY

This study is based on theoretical and practical analysis. However, the scope of the study is confined within the region of Motijheel Branch.

The study will focus on the following areas——

- The kinds of consumer credit facilities extended by Southeast Bank Ltd.
- General Procedure for getting different kinds of consumer credit facilities.
- How different kinds of projects are appraised at Southeast Bank Ltd.
- Present scenario of Consumer Credit Policy.
- Each of the above areas is critically analyzed in order to determine the efficiency of Southeast Bank Ltd, Motijheel Branch.

3.4 LIMITATIONS

This study report is based upon primary and secondary source of information from the documents and databases of the Bank. Though I tried my level best to produce a comprehensive and well-organized report on the Bank. The study that has been conducted in Southeast Bank Ltd has certainly some limitations, which are as follows——

- A short course of time was allowed for the program.
- Some officer did not provide information because of their busy time.
- The employees of the Bank were found very busy and as such some of them were reluctant to give time.
comprehensive and well-organized report on the Bank. The study that has been conducted in Southeast Bank Ltd has certainly some limitations, which are as follows-

- A short course of time was allowed for the program.
- Some officer did not provide information because of their busy time.
- The employees of the Bank were found very busy and as such some of them were reluctant to give time.
- The bank did not provide all required information because of official secrecy.
- The Branch also did not give me the big responsibilities because I am an intern.
Chapter 04

GENERAL BANKING

FRONT DESK/
A/C OPENING
SECTION

IT SECTION

CASH SECTION

ACCOUNTS
SECTION

CLEARING
SECTION
General banking is the starting point of all the banking operations. It is the department, which provides day-to-day services to the customers. Everyday it receives deposits from the customers and meets their demand for cash by honoring cheques. It opens new accounts, remit funds, issues bank drafts and pay orders etc. Since bank is confined to provide the services everyday, general banking is also known as 'retail banking'.

**FUNCTIONS OF THIS DEPARTMENT**

<table>
<thead>
<tr>
<th>G B E A N N E K R I A N L G</th>
<th>FRONT DECK/ACCOUNTS OPENING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>OPENING</td>
</tr>
<tr>
<td>2</td>
<td>CASH SECTION</td>
</tr>
<tr>
<td>3</td>
<td>IT SECTION</td>
</tr>
<tr>
<td>4</td>
<td>CLEARING SECTION</td>
</tr>
<tr>
<td>5</td>
<td>ACCOUNTS SECTION</td>
</tr>
</tbody>
</table>

**THE FOLLOWING WORKS ARE DONE BY THESE SECTION:**

- Accepting of deposit
- Opening of account
- Check book issue
- Transfer of account
- Closing of account
4.1.1 ACCEPTING DEPOSITS

Accepting deposits is one of the two classic functions of commercial banks. The relationship between a banker and his customer begins with the opening of an account by the former in the name of the latter. Initially all the accounts are opened with a deposit of money by the customer and hence these accounts are called deposits accounts. Banker solicits deposits from the members of the public belonging to different lifestyles, engaged in numerous economic activities and having different financial status. There is two officers performing various functions in this department.

The deposits those are accepted by SEBL may be classified in to:

a) Demand Deposits
b) Time Deposits.

4.1.11 DEMAND DEPOSITS:

The amount in accounts are payable on demand so it is called demand deposit account. SEBL accepts demand deposits through the opening of, -

a) Current account
b) Savings account

CURRENT ACCOUNT:

Both individuals and business open this type of account. Frequent transactions are (deposits as well as withdrawal) allowed in this type of account. A current a/c holder can draw checks on his account, any amount, and any numbers of times in a day as the balance in his account permits.

Criteria of current account followed by SEBL:

- Generally opened by businessmen, government and semi-government organizations;
  with proper introduction
- No interest is provided for deposited amount;
- Overdraft is allowed in this account;
- Minimum opening balance is TK.2000;
- A minimum balance of Tk. 5000/- has to be maintained;
- Total Current deposit collection of SEBL Motijheel Branch
SAVINGS ACCOUNT:

Individuals for savings purposes open this type of account. Current interest rate of these accounts is 06% per annum. Interest on SB account is calculated and accrued monthly and credited to the account half yearly. Interest calculation is made for each month based on the lowest balance at credit of an account in that month. A depositor can withdraw from his SB account not more than twice a week up to an amount not exceeding 25% of the balance in the account. If any one withdraws money more than twice he/she will not get the interest for that month.

Criteria of savings account followed by SEBL:

- An appropriate introduction is required for opening the A/C;
- Frequent withdrawal is not encouraged;
- A depositor may withdraw money from his/her account twice in a week;
- Minimum amount of TK.5000 is required as initial deposit;
- Depositor may withdraw his/her deposited money up to 25% of the Balance in his/her account without notice. The bank may realize service charge in its discretion.
- Depositor will get interest on the amount deposited in his/her account.
Total Saving deposit collection of SEBL Motijheel Branch

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Dec '06</th>
<th>Mar '07</th>
<th>Jun '07</th>
<th>Sep '07</th>
<th>Nov '07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings Account</td>
<td>10,97,079.00</td>
<td>15,12,198.00</td>
<td>10,46,978.00</td>
<td>15,63,992.00</td>
<td>81,19,28.00</td>
</tr>
</tbody>
</table>

Fig. in thousand

**TIME DEPOSITS:**

A deposit which is payable at a fixed date or after a period of notice is a time deposit. In SEBL Motijheel Branch (Islamic Banking) accepts time deposits through Fixed Deposit Receipt (FDR), Short Term Deposit (STD), and Schemes etc.

While accepting these deposits, a contract is done between the bank and the customer. When the banker opens an account in the name of a customer, there arises a contract between the two. This contract will be a valid one only when both the parties are competent to enter into contracts. As account opening initiates the fundamental relationship & since the banker has to deal with different kinds of persons with different

**Procedure of Opening MTDR Account:**

- Before opening a MTDR Account a customer has to fill up an application form which contains the followings:
  - Amount in figures
  - Beneficiary’s name and address
  - Period
  - Rate of interest
  - Date of issue
Southeast Bank Limited

- Date of maturity
- How the account will be operated (singly or jointly)
- Signature(s)
- M.T.D.R. no.
- Special instructions (if any)

After fulfilling the above information and depositing the amount, MTDR account is opened and a MTDR receipt is issued and it is recorded in the MTDR Register which contains the following information:

1. MTDR account no.
2. Payment of Interest:
3. Name of the MTDR holder with address
4. Maturity date
5. Maturity period
6. MTDR (Fixed Deposit Receipt) no.
7. Interest rate

In case of MTDR Account the banks do not have to maintain a cash reserve. So SEBL offers a high interest rate in MTDR accounts. It is usually paid on maturity of the fixed deposit. SEBL calculates interest at each maturity date and provision is made on that “Miscellaneous creditor expenditure payable accounts” is debited for the accrued interest.

**RATE OF INTEREST PRE-MATURE ENCAISHMENT OF TERM DEPOSIT:**

<table>
<thead>
<tr>
<th>No.</th>
<th>TERM DEPOSIT</th>
<th>RATE OF INTEREST</th>
<th>PRE-MATURE ENCASHMENT</th>
<th>RATE OF INTEREST</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1 months</td>
<td>6.75%</td>
<td>Before 30 days</td>
<td>No Interest</td>
</tr>
<tr>
<td>2.</td>
<td>2 months</td>
<td>7.25%</td>
<td>Before 2 month</td>
<td>No Interest</td>
</tr>
<tr>
<td>3.</td>
<td>3 months</td>
<td>11.25%</td>
<td>Before expiry of 3 month</td>
<td>No Interest</td>
</tr>
<tr>
<td>4.</td>
<td>6 months</td>
<td>11.50%</td>
<td>Before expiry of 6 month</td>
<td>No Interest</td>
</tr>
<tr>
<td>5.</td>
<td>12 months</td>
<td>12%</td>
<td>Before expiry of 12 month</td>
<td>No Interest</td>
</tr>
</tbody>
</table>

Most of the bank give interest before maturity like if one person has FDR of 1 year and want to withdraw the money before maturity then that person gets the % of interest at the rate of previous term deposit like 6 months maturity rate. But in SEBL, MB Islamic banking follow before maturity no interest system.
From above circumstances it is clear that if any one runs his/her Deposit up to 11 month and withdraw his/her money in case of any kinds of emergency he/she will not get any types of interest but if The person give an application to Manager than manager can arrange interest of savings rate for that person.

Loss of M.T.D.R.:

In case of a lost MTDR, the customer is asked to record a GD (General Diary) in the nearest Police Station. After that, the customer has to inform to Bank that He has lost his/her MTDR. A duplicate MTDR is then issued to the customer by the bank.

Renewal of MTDR:

The MTDR becomes automatically renewed for like periods and amounts, unless this are withdrawn by the depositor or, the bank notifies the depositor in writing at least 15 days in advance of the original Or, any renewed maturity date (s) of its desire to terminate the account or change any term and condition of the account.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Dec '06</th>
<th>Mar '07</th>
<th>Jun '07</th>
<th>Sep '07</th>
<th>Nov '07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Deposit</td>
<td>1235984.00</td>
<td>1278192.00</td>
<td>1646473.00</td>
<td>2069577.00</td>
<td>2050018.00</td>
</tr>
</tbody>
</table>

Fig. In thousand
Short Term Deposit (STD) Account:

In Short Term Deposit account, the deposit should be kept for at least seven days to get interest. The interest offered for STD is less than that of savings deposit. In SEBL, MB various big companies, organizations, Government Departments keep money in STD accounts. Frequent withdrawal is discouraged and requires prior notice. STD Account opening procedure is similar to that of the saving account.

Interest rate for STD account--------6.00% per annum

In SEBL, MB usually customers give an instruction to the Bank that their current account will be debited whenever its deposited amount crosses a certain limit and this amount will be transferred to the STD account.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Dec '06</th>
<th>Mar '07</th>
<th>Jun '07</th>
<th>Sep '07</th>
<th>Nov '07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Deposit</td>
<td>21,077.00</td>
<td>44,140.00</td>
<td>3,92,032.00</td>
<td>98,164.00</td>
<td>83,509.00</td>
</tr>
</tbody>
</table>

Fig. in thousand
Southeast Bank Motijheel Branch has some other Special Schemes which is given below:

<table>
<thead>
<tr>
<th>NAME OF THE SCHEMES</th>
<th>TERMS AND CONDITIONS</th>
</tr>
</thead>
</table>
| **A. Mudaraba Double Benefit Scheme (DBS):** | A Person of 18 years of age and above having a sound mind can open the account  
2. A person can open more than one DBS account at any branch of the Bank of the Bank and in such case separate form should be filled.  
3. A passport size photograph of each account holder is required to open the account  
4. DBS account can be opened at any working day of the month  
5. DBS account can be opened in joint names or in the name of institution  
6. DBS account can be opened in the name of a minor. In that case, Banks existing account opening formalities for opening accounts for minor will be followed. |
| Amount to be Deposited: TK. 10,000 or Multiple |                                                                                                                                                      |
| Payment at Maturity: Double in 6 yearsTotal Amount of the (DBS): 8,60,46,000.00 (Nov, 07) |                                                                                                                                                      |
| **B. Mudaraba Monthly Savings Scheme (MMSS):** | 1. A Person of 18 years of age and above having a sound mind can open the account  
2. A Person can open more than one MMSS account at any branch of the Bank and in such case separate form should be filled  
3. A passport size Photograph is required to open the account  
4. MMSS account can be opened at any working day of the month.  
5. Account opened within first 10th of any month will be treated as account of that particular month. If the account is opened after 10th of any month in that case 1st installment will be due and realized from the next month.  
6. MMSS account can not be opened in the name of any minor, in joint names, or in the name of institution. |
| Duration: 3 (three) Years & 5 (Five) Years |                                                                                                                                                      |
| Amount of Monthly Installment: TK. 500 or Multiple amount up to TK. 50, 000 (Fifty Thousand). |                                                                                                                                                      |
| Total Amount of the (MMSS): 1,57,05,000.00 (Nov, 07) |                                                                                                                                                      |
8. An account can be transferred from one Islamic Branch to another Islamic Branch of the Bank by a written application of the account holder. In such case a fee of TK. 500 is payable as banks service charge.

9. Installments can be deposited in advance.

<table>
<thead>
<tr>
<th>Monthly Installment</th>
<th>Matured Amount (3 years)</th>
<th>Matured Amount (4 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>500/-</td>
<td>21,405/-</td>
<td>40,750/-</td>
</tr>
<tr>
<td>1000/-</td>
<td>42,810/-</td>
<td>81,500/-</td>
</tr>
<tr>
<td>5000/-</td>
<td>2,14,050/-</td>
<td>4,07,500/-</td>
</tr>
<tr>
<td>10,000/-</td>
<td>4,28,100/-</td>
<td>8,15,000/-</td>
</tr>
<tr>
<td>50,000/-</td>
<td>21,40,500/-</td>
<td>40,75000/-</td>
</tr>
</tbody>
</table>

C. Mudaraba Monthly Income Scheme (MMIS)

Duration of the Account: 3 (three) Years & 5 (five) years

Amount to be Deposited: TK. 10, 000 or its multiple (Deposited amount will be returned on maturity).

Total Amount of the (MMIS) : 1,15,00,000.00 (Nov, 07)

Monthly Income

<table>
<thead>
<tr>
<th>Deposited Amount</th>
<th>Monthly Income (3 Years)</th>
<th>Monthly Income (5 Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TK. 100,000/-</td>
<td>TK. 760/-</td>
<td>TK. 800/-</td>
</tr>
</tbody>
</table>

1. A Person of 18 years of age and above having a sound mind can open the account.

2. A person/institution can open more than one MMIS account at any branch of the Bank and in such case separate form should be filled.

3. The applicant must open /have a Alwadea CD/Mudaraba Savings Deposit account within the branch in which monthly income will be credited automatically.

4. MMIS account cannot be opened in the name of any minor but it can be opened in joint names, or in name of any institution.

5. An account can be transferred from one Islamic Branch to another Islamic Branch of the Bank by a written application of the account holder. In such case a fee of TK. 500 is payable as banks service charge.
### D. Mudaraba Pension Savings Scheme (MPSS):

**Duration:** 4, 6, and 8 Years Terms  
**Amount of Monthly Installments:** 500 or multiple up to TK.25,000 (i.e. Tk.500 or 1000 or 1500)

**Total Amount of the (MPSS): 55,000.00 (Nov, 07)**

1. A Person of 18 years of age and above having a sound mind can open the account.
2. A person can open more than one MPSS account for different amount at any branch of the Bank and in such case separate form should be filled in.
3. A passport size photograph of the account holder and each nominee (attested by the account holder) are required to open the account.
4. The account can be opened at any working day of the month.
5. Account opened within 10th of any month will be treated as account opened on the particular month. If the account is opened after 10th of any month in that case 1st installment will be due from the following month and will be realized in the following month.
6. MPSS account can be opened in the name of minor. In that case minor’s legal guardian can operate the account.
7. Account can not be opened in joint names, or in the name of any institution.

### F. New Pension Savings Scheme (NPSS):

**Duration:** 4, 6, and 8 Years Terms  
**Amount of Monthly Installments:** 500 or multiple up to TK.25,000 (i.e. Tk.500 or 1000 or 1500)

1. A Person of 18 years of age and above having a sound mind can open the account.
2. A person can open more than one NPSS account for different amount at any branch of the Bank and in such case separate form should be filled in.
3. A passport size photograph of the account holder and each nominee (attested by the account holder) are required to open the account.
4. The account can be opened at any working day of the month.
5. Account opened within 10th of any month will be treated as account opened on the particular month. If the account is opened after 10th of any month in that case 1st installment will be due from the following month and will be realized in the following month.
Total Amount of the (NPSS): 2,31,000.00 (Nov, 07)

6. NPSS account can be opened in the name of minor. In that case minor’s legal guardian can operate the account.

7. Account cannot be opened in joint names, or in the name of any institution.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Months</th>
<th>Dec ’06</th>
<th>Mar ’07</th>
<th>Jun ’07</th>
<th>Sep ’07</th>
<th>Nov ’07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Account</td>
<td></td>
<td>69,219.00</td>
<td>79,043.00</td>
<td>89,640.00</td>
<td>1,03,927.00</td>
<td>1,21,553.00</td>
</tr>
</tbody>
</table>

ANALYSIS OF THIS DEPARTMENT

<table>
<thead>
<tr>
<th>Types of Account</th>
<th>No. Of Accounts</th>
<th>Amounts (In Taka.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al-Wadiah Current Account</td>
<td>391</td>
<td>69,374.00</td>
</tr>
<tr>
<td>Savings Account(include Staff)</td>
<td>922</td>
<td>81,192.00</td>
</tr>
<tr>
<td>Mudarabah Short Term Deposit</td>
<td>66</td>
<td>83,509.00</td>
</tr>
<tr>
<td>MTDR(FDR)</td>
<td>1034</td>
<td>205,0018.00</td>
</tr>
<tr>
<td>Schemes</td>
<td>611</td>
<td>121,553.00</td>
</tr>
</tbody>
</table>

Source: General Ledger on 01-12-2007

Fig. in thousand
4.1.2 ACCOUNT OPENING SECTION

It is said that, there is no banker customer relationship if there is no a/c of a person in that bank. By opening an a/c banker and customer create a contractual relationship. However, selection of customer for opening an account is very crucial for a Bank.
ACCOUNT OPENING PROCEDURE IN A FLOW CHART:

Before opening of a current or savings account, the following formalities must be completed by the customer:

a) Application on the prescribed form;

b) The customer is filled up the form;

c) Introduction:

The following persons can introduce an a/c opener:

i. An existing current/savings account holder of that branch;

ii. An officer of that branch (not below the rank of an Assistant Officer.);

d) Furnishing photographs;

e) Banker will supply a set of printed forms required for opening the account, which will normally include:
2 copies of Specimen Signature Cards (SSC);

Check Book Requisition slips;

f) Customer should carefully read and full-fill the application form;

g) Putting specimen signatures in the specimen card.

h) Any special instructions with regard to operation of the account should be noted on the relevant signature card boldly duly authenticated by the a/c holder should be obtained;

i) The required Account Number for the new Account from the Account Opening Register should be obtained;

j) Obtain the signature and a/c number of the Introducer on the advice of new accountant the place meant for the purpose and gets the signature properly verified by an Authorized official of the Bank;

k) The Deposit slip properly filled in and signed by the customer;

l) Then the new a/c number should be written at the appropriate place of the Deposit slip and mark new Account on both the copies of the deposit slip and request the customer to deposit the money at the cash counter;

m) Place the signature cards, Advice of new account, a copy of Deposit slip, photographs and other necessary papers/documents etc. in a file;

n) Obtain approval of the Authorized officer for opening the new account on all relevant papers. While giving approval for opening an account the Authorized official should be satisfied about the Introducer;

o) The Authorized officer on the advice of new A/c and on the specimen signature cards should also attest the signature of the new a/c holder;

p) After approval of the opening of the a/c, get the Chequebook requisition slip signed by the customer;
q) Deliver the chequebook to the customer after properly marking the Account number name and place of the branch on each leaf of the checkbook;

r) On completion of account opening open a file for the new a/c holder and file all relevant papers forms etc.

**Application form for current/saving account:**

Following are the contents of the application form for opening Savings/current A/C

- Name of the Applicant
- Father’s name/Husband’s name
- Present address
- Permanent address
- Occupation
- Nationality
- Phone No.
- Special instruction for operation of the account
- Nominee
- Specimen Signature
- Introducer’s Name
- Introducer’s Signature
- Amount deposited

**Classification of customers:**

a) Proprietorship (Sole traders);

b) Partnership firms (Registered or Unregistered);

c) Joint stock Companies (Private Limited companies/Public ltd.);

**Documents required for all types of Accounts & Customers:**

1. Advise of New Account (in duplicate)

2. Specimen signature cards (in duplicate)
3. Account Opening Agreement Form

4. Photographs of Account Holders (in duplicate)

5. Deposit Slips Book

6. Cheque book Requisition slips

7. Letter of mandate authorizing another person/s to operate the A/c on behalf of the Account holder, where necessary.

*Know Your Client (KYC) Form:

KYC profile Form which fill up the general requirement of information. Under these form such kinds of information’s are mentioned:

1. Customer/Account name
2. Account or Reference Number

3. Name of Account Officer/Designated Officer.
4. Nature of Business and Source of funds

5. Who is the actual owner of the Account.
6. Original Passport/Voter ID sighted

7. For Non-resident &Foreigners (reason for opening the account in Bangladesh & Type of visa resident or work).

Additional documents are to be obtained for opening some special accounts.

*Sole Proprietorship:

- Copy of valid Trade License
- Recent Passport size Photograph(s) of signatory attested by the Introducer
- Sole Proprietorship Declaration
- Citizenship Certificate/Photocopy of Passport/Tax Certificate/Voter Card
- Transaction Profile
- *KYC Form
**Partnership:**

- Copy of Partnership deed of the Firm
- Firm registration Certificate (if registered)
- List of Partners with their address
- Copy of valid Trade License
- Photographs of signatories attested by the Introducer
- Citizenship Certificate/ Photocopy of Passport/Tax Certificate/Voter I.D Card
- Resolution of the Partners of the Firm for opening the account and authorization for its operation duly certified by the managing Partner of the Firm
- Transaction Profile
- *KYC Form

**Limited Liability Public/Private Company:**

- Certified copy of the Memorandum and Articles of Association of the Company
- Certified copy of Certificate of Incorporation
- Certificate copy of Certificate of Commencement of Business (for Public Limited Company)
- Certified copy of From 12 of the company
- Extract of the Resolution of the Board Meeting of the Company for opening the account and authorization of its operation duly certified by the Chairman /Managing Director of the Company
- Photograph(s) of signatories
- List of Directors with Addresses
- Copy of valid Trade License
- Transaction Profile
- *KYC Form
4.1.3 ISSUING CHEQUE BOOK TO THE CUSTOMERS

Issue of fresh chequebook

Fresh cheque book is issued to the account holder only against requisition on the prescribed requisition slip attached with the cheque book issued earlier, after proper verification of the signature of the account holder personally or to his duly authorized representative against proper acknowledgment.

### Procedure of issuance of a fresh cheque book:

- A customer who opened a new a/c initially deposits minimum required money in the account.
- The account opening form is sent for issuance of a cheque book.
- Respected Officer first draws a cheque book.
- Officer then sealed it with branch name.
- In-charge officer enters the number of the cheque Book in Cheque Issue Register.
- Officer also entry the customer’s name and the account number in the same Register.
- Account number is then writing down on the face of the Cheque Book and on every leaf of the Cheque book including Requisition Slip.
- The name of the customer is also written down on the face of the Cheque book and on the Requisition slip.
Southeast Bank Limited

- The word “Issued on” along with the date of issuance is written down on the requisition slip.
- Number of Cheque book and date of issuance is also written on the application form.
- Next, the customer is asked to sign in the Cheque book issue register.
- Then the respected Officer signs on the face of the requisition slip put his initial in the register and hand over the cheque book to the customer.

**Issue of Duplicate cheque book:**

Duplicate chequebook instead of lost one should be issued only when an A/C holder personally approaches the Bank with an application Letter of Indemnity in the prescribed Performa agreeing to indemnify the Bank for the lost cheque book. Fresh cheque Book in lieu of lost one should be issued after verification of the signature of the Account holder from the Specimen signature card and on realization of required Excise duty only with prior approval of manager of the branch. Cheque series number of the new cheque book should be recorded in ledger card and signature card as usual. Series number of lost cheque book should be recorded in the stop payment register and caution should be exercised to guard against fraudulent payment.

**Issue of New Cheque book (FOR OLD ACCOUNT)**

All the procedure for issuing a new Cheque book for old account is same as the procedure of new account. Only difference is that customer have to submit the requisition slip of the old Cheque book with date, signature and his/her 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 Cheque book is entered on the back of the old requisition slip and is signed by the officer.

**4.1.4 TRANSFER OF AN ACCOUNT**

- The customer submits an application mentioning the name of the branch to which he wants the account to be transferred.
- His signature cards, advice of new account and all relevant documents are sent to that branch through registered post.
The balance standing at credit in customer’s account is sent to the other branch through Inter Branch Credit Advice (IBCA).

No exchange should be charged on such transfer.

Attention is also given in this connection.

4.1.5 CLOSING THE ACCOUNT

Upon the request of a customer, an account can be closed. After receiving an application from the customer to close an Account, the following procedure is followed by a banker. The customer should be asked to draw the final cheque for the amount standing to the credit of his a/c less the amount of closing and other incidental charges and surrender the unused cheque leaves. The a/c should be debited for the account closing charges etc. and an authorized officer of the Bank should destroy unused cheque leaves.

In case of joint a/c, the application for closing the a/c should be signed by all the joint holders.

A banker can also close the account of his customer or stop the operation of the account under following considerable circumstances:

- Death of customer.
- Customer’s insanity and insolvency.
- Order of the court (Garnishee order)
- Specific charge for fraud forgery.
- Stop payment of cheque:
  - A banker can stop payment of cheque of his customer under following considerable circumstances
  - Firstly the account holder will apply to stop the payment of his cheque
  - There is a register for this purpose. It is kept by the authorized officer.
  - The officer will see the condition of account and verify everything.
  - In the ledger book, the officer will marked with red ink and the cheque will not be paid.

Dishonor of Cheque:

If the cheque is dishonored, SEBL sends a memorandum (cheque return memo) to the customer stating the reason in the following way:
Southeast Bank Limited

- Refer to drawer.
- Not arranged for.
- Effects not cleared May be present again.
- Exceeds arrangements.
- Full cover not received.
- Payment stopped by drawer.
- Drawer’s signature differs/ required.
- Alterations in date/figures/words require drawer’s full signature.
- Cheque is posts dated/out of date/mutilated.
- Amount in words and figures differs.
- Crossed cheque must be present through a bank.
- Clearing stamps required/requires cancellation.
- Addition to the discharge of Bank should be authenticating.
- Cheque crossed “Account Payee Only”
- Collecting Bank’s discharge irregular/required.
- If the cheque is dishonored due to insufficiency of funds SEBL inform the a/c holder immediately.

### 4.2 CASH SECTION

Cash department is the most vital and sensitive organ of the branch as it deals with all kinds of cash transactions. This department starts the day with cash in vault. Each day some cash that is opening cash balance are transferred to the cash officers from the cash vault. Net figure of this cash receipts and payments are added to the opening cash balance. The figure is called closing balance. This closing balance is then added to the vault. And this is the final cash balance figure for the bank at the end of any particular day. Cash department in the Southeast Bank, Motijheel Branch is authorized dealer of foreign currency, so it can deal with buying and selling of foreign currency.

**Functions of Cash Department**

| Cash Payment | Cash payment is made only against cheque  
|--------------|--------------------------------------------------------------------------------------------------|
|              | This is the unique function of the banking system which is known as “payment on demand”  
|              | It makes payment only against its printed valid Cheque                                            |
Cash Receipt

- It receives deposits from the depositors in form of cash.
- So it is the “mobilization unit” of the banking system.
- It collects money only its receipts forms.

Cash payment or Cheque cancellation process

**Step 1**
- Receiving Cheque by the employee in the cash counter.

**Step 2**
- Verification of the followings by the cash Officer in the computer section:
  - Date of the Cheque (it is presented within 6 month from issue date)
  - Issued from this branch
  - Amounts in figure and sentence written does not differ
  - Signature of the drawer does not differ
  - Cheque is not torn or mutilated

**Step 3**
- Gives pay cash seal and sends to the payment counter.

**Step 4**
- Payment officer makes payment.

Books maintained by this section

<table>
<thead>
<tr>
<th>Book Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vault Register</td>
<td>It keeps account of cash balance in vault in the bank.</td>
</tr>
<tr>
<td>Cash Receipt Register</td>
<td>Cash receipt in whole of the day is recorded here.</td>
</tr>
<tr>
<td>Cash Payment Register</td>
<td>Cash payments are made in a day are entered here.</td>
</tr>
<tr>
<td>Rough Vault –Register</td>
<td>Cash calculation for final entry in vault register is done here, as any error and correction here is not acceptable.</td>
</tr>
<tr>
<td>Cash Balance Book</td>
<td>Balance here is compared with vault register. If no difference is found, indicates no error.</td>
</tr>
</tbody>
</table>

**4.3 IT SECTION:**

1. Initialize the Transaction:
   a. Client Transaction
   b. General Ledger

2. Time deposit: FDR Maturity process run if any FDR mature then IT officer cut the excise duty and 10% Tax is automatically cut by the Software of net profit.

3. Transfer profit amount to link (Savings/Current/std) account as per client information.
4. IT officer submit the maturity list of MTDR to account opening desk for entry in the Register.

5. Scheme maturity run of fixed amount

6. Client has to fill up money to their scheme under the 10th of the month. So, if the client gives any application or instruction to fill their money. Then automatically IT officer credited money from clients saving account and debited their scheme account under 10th of the month by the software.

7. ATM Card: Start debiting process of ATM Card

8. All the cheques come to IT and checked by the IT officer than is client A/C has enough money or not. If the amount is valid then IT officer credited money from A/C holders account.

8. Day end process: After all the Transaction of the day if debit and Credit is equal then the software will show that it is successful and for that day software processing is closed.

---

### 4.4 CLEARING SECTION

This section receives all kinds of Cheques in favor of the client for clearing as the part of their banking service. After receiving the Cheque it is necessary to **endorse** it and **cross it specially**. Basically the Cheques for clearing are of following types:

<table>
<thead>
<tr>
<th>Types</th>
<th>Explanation</th>
<th>Clearing Process</th>
</tr>
</thead>
</table>
| Inward Clearing Cheque | Cheques received from the Clearing House, of our bank                       | Party’s A/C  
                             SEBL General Account  Dr.  
                             Cr.                                                                                   |
| Outward Clearing       | Cheques of other branch of SEBL, Motijheel within our clearing house area    | These Cheques are directly sent to the respective branch and request them to send *IBCA. When IBCA comes, then customer’s accounts are credited for the amount of the Cheque. |
| OBC (Outward Bills for Collection) | Cheques of another bank within our clearing house area | These Cheques are sent to clearing house via the Principal Branch. When drawee bank honor the Cheques, then the account of Cheque depositors are credited. |

* *IBCA (Inter Branch Credit Advice)* - is an instrument by which a branch credits the account of another branch.
Southeast Bank Limited

| **Outward Bills for Collection (OBC)** | **Cheques of another bank which is situated outside the clearing area** | These Cheques are cleared in two ways: Firstly, if any branch of our bank exists within the clearing house area of drawee bank, then we send the Cheque to that branch of our bank and that branch collects the proceeds through clearing house formalities and sends an IBCA to us. In second way, if there is no branch of our bank, then we directly send the Cheque to the drawee bank and request them to send the proceeds by PO or DD or by any other means. |
| **Inward Bills for Collection (IBC)** | **From other branch of Southeast Bank, Motijheel Branch** | These Cheques are settled by sending IBCA, debiting depositor's account and crediting sender's branch account. |
| **From another bank outside the clearing house** | **These Cheques are settled debiting depositor's account and sending DD or PO in favor of sender's bank** |

**Possibility of dishonor:** Unlike Cheque, there is no possibility of dishonoring of PO / DD because before issuing, issuing bank takes out the amount of the instrument in advance from the customer – common for all instruments.

**Received for Collection:** It will be given at the deposit slip.

**Received too late for Collection:** In case an Instrument is presented for clearance after the Banking hour, then this seal is given at the deposit slip.

**Branch Crossing:** Authorized officer put branch crossing at the face of instrument for clearance.

**Payee A/C credited:** When an instrument is received by the clearance section then this seal is put at the backside of the instrument.

**Date:** Date will place at the face of the instrument along with collection seal.

**MONEY TRANSACTION:**

Sending/Transfer money from one place to another place for the customer is another important service of banks. And this service is an important part of country's payment system. For this service, people, especially businessmen can transfer funds from one place to another place very quickly.
Southeast Bank Limited

- Demand Draft
- Pay Order
- Online Transaction

The bank followed modern online transaction (payment & withdrawal of fund) through high-speed WAN service. It is remarkable that customers are often taking advantage of the online transaction. It is very easy way for the customer to deposit their funds in any branch and make any transaction regarding that fund from any of the branches through PC Bank2000. The charges of online transaction are tabled below. It should be mentioned that, there is no commission and fee charged in online transaction inside the clearinghouse. In case of outside the clearinghouse, commission is tk.0.10 and 15% VAT on the commission. The minimum charge is tk.0.10 commission and VAT on it.

<table>
<thead>
<tr>
<th>Points</th>
<th>Pay Order</th>
<th>Demand Draft</th>
<th>Online Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explanation</td>
<td>Pay Order gives the payee the right to claim payment from the issuing bank.</td>
<td>Demand Draft is an order of issuing bank on another branch of the same bank to pay specified sum of money to payee on demand.</td>
<td>Issuing branch requests another branch to pay specified money to the specific payee on demand by Online.</td>
</tr>
<tr>
<td>Payment from</td>
<td>Payment from issuing branch only.</td>
<td>Payment from ordered branch.</td>
<td>Payment from ordered branch</td>
</tr>
<tr>
<td>Generally used to Remit fund</td>
<td>Within the clearinghouse area of issuing branch.</td>
<td>Outside the clearing house area of issuing branch. Payee can also be the purchaser.</td>
<td>Anywhere in the country</td>
</tr>
<tr>
<td>Payment Process of the paying bank</td>
<td>Payment is made through clearing</td>
<td>1. Confirm that the DD is not forged one.</td>
<td>1.Confirm issuing branch</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.Confirm with sent advice</td>
<td>2.Confirm Payee A/C</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.Check the ‘Test Code’</td>
<td>3.Confirm amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.Make payment</td>
<td>4.Make payment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5.Receive advice</td>
</tr>
<tr>
<td>Charge</td>
<td>Commission + Vat</td>
<td>Commission + telex charge</td>
<td>No charge/Commission</td>
</tr>
</tbody>
</table>

---

1 PC Bank 2000 is the banking software used by the bank
Accounts Department is called as the nerve Centre of the bank. 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 otherwise. Improper recording of transactions will lead to the mismatch in the debit side and in the 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 as Accounts Department.

Besides the above, the bank has to prepare some internal statements as well as some statutory statements which to be submitted to the central bank. Accounts Department prepares these statements also. The department has to submit some statements to the Head office, which is also consolidated by the Head Office later on. The tasks of the department may be seen in two different angles:

**Daily Task:**

- The routine daily tasks of the Accounts Department are as follows, -
- Recording the transactions in the cashbook.
- Recording the transactions in general and subsidiary ledger.
- Preparing the daily position of the branch comprising of deposit and cash.
- Preparing the daily Statement of Affairs showing all the assets and liability of the branch as per General Ledger and Subsidiary Ledger separately.
- Making payment of all the expenses of the branch.
- Recording inter branch fund transfer and providing accounting treatment in this regard.
- Checking whether all the vouchers are correctly passed to ensure the conformity with the ‘Activity Report’; if otherwise making it correct by calling the respective official to rectify the voucher.
- Recording of the vouchers in the Voucher Register.
- Packing of the correct vouchers according to the debit voucher and the credit voucher.

**Periodical Task:**

- Preparing the monthly salary statements for the employees.
- Publishing the basic data of the branch.
Preparing the weekly position for the branch which is sent to the Head Office to maintain Cash Reserve Requirement (C.R.R)

Preparing the monthly position for the branch which is sent to the Head Office to maintain Statutory Liquidity Requirement (S.L.R)

Preparing the weekly position for the branch comprising of the break up of sector wise deposit, credit etc.

Preparing the weekly position for the branch comprising of denomination wise statement of cash in tills.

Preparing the budget for the branch by fixing the target regarding profit and deposit so as to take necessary steps to generate and mobilize deposit.

Preparing an ‘Extract’ which is a summary of all the transactions of the Head Office account with the branch to reconcile all the transactions held among the accounts of all the branches.
INTRODUCTION:

The Southeast bank, Motijheel Branch is committed to contribute in the national economy. In order to cope with the first changing scenario of dynamic global economy, liberalization, and globalization and in the light of the suggestions of the focus of the Central Bank, the bank promotes trade financing, industrialization, boosting export, creation of employment opportunity and encouraging micro-credit. For the credit facility usually the bank utilizes the depositor’s money effectively. The major sectors that the banks likely to finance for expanding are:

- Textiles/spinning/Sweater/Knitting/Garments
- Telecommunication
- Information. Technology (IT) project
- Agro based Industry
- Healthcare/ Pharmaceuticals/ medicine
- Electrical/ Electronics appliance
- Special program-CCS, Personal Loan
- Steel and Engineering
- Paper/ pulp/ pretext

ORGANIZATIONAL STRUCTURE

In order to adopt the credit policy the bank depends on the decision of the top authority. Credit approval is centralized within the Credit Risk Management function. Credit application is approved by the MD and CEO or Additional MD or DMD or Head of Credit of Head Office or HOB as per their delegation of business power approved by the BODs and beyond their authority, the proposal is sent to be placed before the Executive Committee of the BOD sod before BODs for approval.
Chapter 05
CREDIT DEPARTMENT

INVESTMENT PROCESS

DOCUMENTATION

SANCTION
The bank provides suitable credit/loans services to the customers in which it operates. LDOs are normally financed by the customers’ deposits, not in the form of borrowing from other bank. The bank follows some specific rules and regulations provided by the CB and the Bank Companies Act 1991 in case of proving Loans and Advances (LDOs) to the clients. Before approving loan facilities, the bank will scrutinize the following matters:

- Purpose of the loan facility of the borrower
- Terms of the loan
- Background, character and capability of the borrower
- Safety, security and profitability of the loan
- Source of repayment

Purpose of the loan facility:
The very purpose of the loan facility should be under the sector identified by the management and must agree with the rules and regulations of the CB.

Terms of the loan:
- Nature of the loans
- Interest rate
- Term of the advance
- Security agreement

Security:
The Credit Officer must assure about the proper scrutiny of security whether the security is acceptable and adequate or not. The officer should be notified about clean title, easily saleable, easily valuable and price stability of the security. Easily control etc Insurance
coverage of the security should also be assessed. The client should comply with the following terms and conditions regarding security:

- The security must have certain characteristics in accordance with the loan application.
- Currently the security must have valid charge. It should also have valuation and inspection that were undertaken previously.
- In case of guarantee, the value should comply with the terms and conditions.
- The CIB report of the borrower should be favorable.

Profitability:
The investment policy of the bank is that there must have profit in the investment i.e. the additional amount except the principal is the profit for the bank.

5.1.1 LOAN PRICING:
Interest rate or pricing of loans, charges and commissions etc on various lending categories depends on the level of risk, period of loan and type of security offered these are made with the approval of the competent authority and as per guidelines of the CB. The higher the risk, the higher will be the interest rate. However, expectation shall be made in case of lending in national priority sector.

5.1.2 CREATION OF CHARGE ON SECURITY:

1. Pledge:
In this case the borrower declares the goods as security for payment of a debt or performance of a promise. A pledge may be stocks or share as well as documents of title to goods such as railway receipt, BL², dock warrants etc. duly endorsed in favor of bank.

2. Hypothecation:
In Hypothecation goods remain in possession of the borrower. But hypothecation deed provides the banker the power to take the goods in possession if needed. In case the banker exercises such power the hypothecation will take the form of a pledge.
3. Mortgage:

According to section (58) of the Transfer of Property Act, 1882 mortgage is the transfer of an interest in specific immovable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, existing or future debt or the performance of an engagement which may give rise to a pecuniary liability. In this case the mortgagor does not transfer the ownership of the specific immovable property to the mortgagee only transfers some of his rights as an owner. The banker exercises the equitable mortgage.

4. Lien:

In case of lien the bank preserves the right to retain the goods or security of the borrower until the loan is repaid. The bank’s lien is general lien. The bank retains all securities under its possession till all claims against the concern person are satisfied.

5.1.3 ORGANIZATIONAL STRUCTURE:

In order to adopt the credit policy the bank depends on the decision of the top authority. Credit approval is centralized within the Credit Risk Management function. Credit application is approved by the MD and CEO or Additional MD or DMD or Head of Credit or of Head Office or HOB as per their delegation of business power approved by the BODs and beyond their authority, the proposal is sent to be placed before the Executive Committee of the BOD and before BODs for approval.

5.1.4 APPEAL PROCESS:

Any declined credit may be re-presented to the next higher authority for reassessment / approval. However; there should be no appeal process beyond the Managing Director.

5.1.5 CREDIT APPROVAL PROCESS:

The credit proposal moves through branch and Head Office. Various levels of management approve the credit according to its amount. In all cases the bank’s basic lending criteria must be satisfied and its policy of KYC implemented in full. There are three approval levels.

- Head of Branch
- Credit committee- corporate office
Board Of Directors

5.1.6 CREDIT ADMINISTRATION:

The credit Administration function is critical in ensuring that proper documentation and approvals are in place prior to the disbursement of loan facilities. The functions of Credit Administration is strictly segregated from Relationship Management / Marketing in order to avoid the possibility of controls being compromised or issues not being highlighted at the appropriate level.

There is Credit Officers in the branch, whose duty is to assure the above matters with documentation, proper follow-up, constant supervision and monitoring the entire loan process from sanction to recover. The bank’s policy is to introduce diversified and newly types of products along with usual banking products. At present there are three natures of loan offered by the bank:

5.1.7 PROCESS OF LOAN:

<table>
<thead>
<tr>
<th>Heads</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application</td>
<td>Applicant applies for the loan in the prescribed form of the bank describing the types and purpose of loan.</td>
</tr>
</tbody>
</table>
| Sanction  | a. Collecting credit information about the applicant to determine the credit worthiness of the borrower. Sources of information  
  i. Personal Investigation, Confidential Report from other bank, Head Office/Branch/Chamber of Commerce.  
  ii. CIB (Credit Information Bureau) report from Central Bank. |
|           | b. Evaluating the proposed security                                             |
|           | c. Sending proposal in Head Office in favor of the client if the requirement is ok. |
|           | d. If everything is in accordance the loan is sanctioned                        |
| Documentation | a. Mortgage the fixed and floating assets                                    |
|           | b. Registered all documents under RJSC (Registered of Join Stock Company).      |
|           | c. Takes the necessary papers and signatures from borrower                      |
| Disbursement | A loan Account is opened and disburses the amount to that account.              |
5.1.8 TYPES OF LOAN:
All loans and advances have been classified into following four categories:
Southeast Bank Motijheel Branch is an Islamic Banking Branch that's why the branch some special types of loans which are given below:

➢ Consumer Credit Schemes (CCS)
➢ Staff Loan (House Building)
➢ Packing Credit (PC)
➢ Bai-Muajjal Commercial and Industrial
➢ Hire Purchase Shikatul Mielk (HPSM commercial)
➢ Hire Purchase Shirkatul Mielk (HPSM real state)
➢ Quard against Deposit
➢ Inland Document Bill Purchase
➢ Foreign Document Bill Purchase
➢ Trust Receipt

CONSUMER CREDIT SCHEMES:
CCS is offered to purchase various necessary items of day-to-day life. CCS helps the customers by providing financial support to convert their dreams into certainty. With the help of the scheme one can buy now and pay late and can build his assets gradually. It is straightforward, flexible and easy to arrange.

1st step:
1. The person who is interested to take loan will submit an Application by praying loan (Client have to confirmed the purpose of the loan).
2. Bank will select the person for an example if person wanted to bye Car then The car house Manager will give a quotation favoring the client
3. Bank will take the about persons Personal Information.
2nd step:

Bank Credit officer will give the CIB report to Central Bank. If the report of CIB is Standard the Bank will make a proposal letter and send it to Head Office for Approval. If the Board of Directors approved the party for loan. Then Bank will submit Sanction Letter, Input form & office note. After that Documentation work start. The person will receive the Sanction Letter and signature all the Charge documents. After that responsible officer will give a Loan A/C (Al-Wadiah Current Account) number and disburse the money. These Loan facilities are for 4-5 years. Paying money back system is Installment (Adding Interest).

ADDITIONAL DOCUMENTS FOR CCS:

<table>
<thead>
<tr>
<th>Client is Service holder:</th>
<th>Client is Business man:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Person’s recent photo</td>
<td>• Valid trade License</td>
</tr>
<tr>
<td>• Salary statement</td>
<td>• Business TIN</td>
</tr>
<tr>
<td>• Salary Certificate</td>
<td>• Photocopy of Passport</td>
</tr>
<tr>
<td>• Assurance Letter from HRD.</td>
<td>• 2 Grunter</td>
</tr>
<tr>
<td>• 2 Grunter (Higher Ranker from the client)</td>
<td>• Accounts Statement of Business Transaction</td>
</tr>
</tbody>
</table>

Advantage:

• Flexible loan amount
• Competitive Interest Rates
• Extended and Flexible Repayment Period
• Early repayment Options
• No cash Security
• Easy Documentation
• Lower Processing Fee
• Prompt Loan Processing

Eligibility:

• Age between 18-55 years
• Salaried parson: Confirmed and 1 year continued service
• Self employed: Minimum 3 years continued business

Loan Amount:

• Minimum Loan amount Tk.20,000/- and maximum Tk.10,00,000/-

STAFF HOUSE BUILDING LOAN:

These SHBL is offered only for the officers who are doing permanent job in SEBL. Officer can take these loan with easy procedure to buy a Flat, Land or Building.
Southeast Bank Limited

<table>
<thead>
<tr>
<th>Advantages:</th>
<th>Eligibility:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Flexible loan amount</td>
<td>• Permanent Staff of the Bank</td>
</tr>
<tr>
<td>• Competitive Interest Rates (Bank Rate i.e.</td>
<td></td>
</tr>
<tr>
<td>@6.00%)</td>
<td>• Loan amount:</td>
</tr>
<tr>
<td>• Extended and Flexible Repayment Period</td>
<td>• One hundred twenty times of</td>
</tr>
<tr>
<td>• Early repayment Options</td>
<td>monthly basic.</td>
</tr>
<tr>
<td>• No Movable or Immovable Security</td>
<td></td>
</tr>
<tr>
<td>• Easy Documentation</td>
<td></td>
</tr>
<tr>
<td>• Lower Processing Fee</td>
<td></td>
</tr>
</tbody>
</table>

PACKING CREDIT (PC):

Packing Credit is essentially a short-term advance granted by a Bank to an exporter for assisting him to buy, process, manufacture and pack and ships the goods. Generally for movement of goods from the hinterland areas to the ports of shipment the Banks provide interim facilities by way of Packing Credit. This type of credit is sanctioned for the transitional period starting from dispatch of goods till the negotiation of the export documents. Practically except for single transaction, most of the pre-shipment credits are allowed in the form of limits duly sanctioned by Bank in favor of regular exporters for a particular period. The drawings are required to be adjusted fully once within a period of 3 to 6 months. Suiting to the breed and nature of export, the drawings under Export Cash Credit limits are generally adjusted by the drawing in packing credit limit, which is, in turn liquidated by the negotiation of export documents.

Additional Documents for P.C.

- Letter of Partnership along with Registered Partnership Deed in case of Partnership Accounts.
- Resolution of the Board of Directors along with Memorandum & Articles of association in case of Accounts of Limited Companies. In case of Corporation, Resolution of the Board Meeting along with Charter.
- Personal Guarantee of all the Partners in case of Partnership Accounts and a=of all the Directors in case of Limited Companies.
- An undertaking from the Directors of the Public Limited Company to obtain prior clearance from the Bank before declaring any interim/final dividend.
Southeast Bank Limited

These types of loan are given to the customer against L/C. When customer need money to buy some things or to run the administrative miscellaneous expenditure that time client want a loan to the Bank against 10% of Master L/C.

BAI-MUAIJAL COMMERCIAL & INDUSTRIAL:

Bai-Muajjal is a one kind of working capital. Bai-Muajjal loan is offered to that party who has Industry, it can be spinning mill/ Garments /Factory or in case of proprietorship it can be a little whole selling/retail shop or small business of other items. With the help of this loan one can take the loan now and then gradually. It is straightforward arranged.

Additional Documents for Bai-Muajjal Commercial & Industrial:

<table>
<thead>
<tr>
<th>Rented Business Organization</th>
<th>Own Business Organization</th>
<th>Limited Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proprietorship</td>
<td>Own Business Organization</td>
<td>Limited Company</td>
</tr>
<tr>
<td>Recent photographs</td>
<td>Recent photographs</td>
<td>Recent photographs</td>
</tr>
<tr>
<td>Trade License</td>
<td>Trade License</td>
<td>Business TIN Certificate</td>
</tr>
<tr>
<td>TIN</td>
<td>Original documents of the shop or business organization.</td>
<td>Financial Statement of the business (In case of 2/4 years mature)</td>
</tr>
<tr>
<td>Grunter required (Wife)</td>
<td>Grunter required (Wife)</td>
<td>Financial Statement of the business (In case of 2/4 years mature)</td>
</tr>
<tr>
<td>Rent Deed</td>
<td>Position of Stock of the materials/supplies</td>
<td>Grunter required (Wife)</td>
</tr>
<tr>
<td></td>
<td>Full security (Movable/Immovable Assets)</td>
<td>Position of Stock of the materials/supplies</td>
</tr>
</tbody>
</table>

Advantage: Eligibility: Loan Amount:

- Flexible loan amount
- Competitive Interest Rates
- Withdrawal process is flexible.
- Easy Documentation
- Lower Processing Fee
- Age between 18-55 years
- Loan amount limit is depend on client asset (securities)
The client has to give 2 times more security before taking the Loan. It can be Flat/Land/Machineries/FDR. If the client is fail to mortgage their fixed and floating assets to bank then loan will not be sanctioned by the Head office. The Bank Credit officer will give the CIB report to Central Bank. If the report of CIB is Standard (STD) the Bank will make a proposal letter and send it to Head Office for Approval. If Head office approved the party for loan then branch will submit Sanction Letter, Input form & office note. After that Documentation work start. The person will receive the Sanction Letter and signature all the Charge documents and mortgage their assets to banks. If the security is FDR then Bank will lien the FDR. When all the working process is done the responsible officer will give a Loan A/C number and disburse the money. These Loan facilities are for 1 year. Interest rate is 16%.

OUARD AGAINST DEPOSIT:

This type of loan have full Security (It also called cash back Loan).
The working process is given below:

1. The person who is interested to take loan will submit an Application by praying loan
2. Then Manger will approve the prayer
3. Then Bank will submit Sanction Letter, Input form & office note.
4. After that Documentation work start. The person will signature in Sanction Letter
5. The Client can take loan against MTDR or MMIS. If against MTDR then get 90% money and in terms of MMIS 80% is approve by the Bank.
6. Then Client will signature in Charge Documents and signature back side of the MTDR/MMIS.
7. After that responsible officer will mark the MTDR/MMIS as Lien. (It means that the bank has right to encased the MTDR/MMIS if the client is fail to pay back the money.
8. At last Bank will give a loan A/C no. disburse the money to that A/C.
Advantage:
- Competitive Interest Rates
- Extended and Flexible Repayment Period
- Early repayment Options
- Easy Documentation
- Lower Processing Fee
- Prompt Loan Processing

Eligibility:
- Age between 18-55 years
- Salaried parson: Confirmed and 1 year continued service
- Self employed: Minimum 3 years continued business

Loan Amount:
- Against MTDR/MMIS. 90% of MTDR & 80% of MMIS.

### HIRE PURCHASE SHIKATUL MELK (HPSM COMMERCIAL):

HPSM is one kind of Term loan is offered to that party who has Industry. It can be spinning mill/ Garments /Factory. The client has to give security (fixed or floating assets) before taking the Loan. It can be Flat/Land/Machineries/FDR. If the client is fail to mortgage their fixed and floating assets to bank then loan will not sanctioned by Head office. The Bank Credit officer will give the CIB report to Central Bank. If the report of CIB is Standard (STD) the Bank will make a proposal letter and send it to Head Office for Approval. If Head office approved the party for loan then branch will sanction loan for the client. Period of loan is 05 (five) years from the date of first disbursement excluding 6 month moratorium period to pay the outstanding liability.

### Additional Documents for HPSM Commercial
- Recent photographs
- Trade License for each members of the company
- Memorandum
- Board Resolution
- Original documents of the shop or business organization.
- Business TIN Certificate
- Financial Statement of the business (In case of 2/4 years mature)
- Grunter required (Wife)
- Position of Stock of the materials/supplies Full security
Primary security:
- 1st charge on all Fixed & Floating assets assets of both the companies with RJSC
- Hypothecation of factory, Machineries, of the Industries with that hypothecation of raw material, finish goods store & to be stored in factory premises and godown
- Postdated cheque covering the Entire limit jointly & separately.

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Eligibility</th>
<th>Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexible loan amount</td>
<td>Age between 18-55 years</td>
<td>Loan amount limit is depend on client asset (Full securities)</td>
</tr>
<tr>
<td>Competitive Interest Rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Withdrawal process is flexible.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Processing Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 months moratorium period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan facility for 05 years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**HIRE PURCHASE SHIKATUL MELK (HPSM REAL STATE):**

HPSM is one kind of Term loan is offered to that party who has Industry. Generally these loans are given to those clients who is making their building / Industry/ House. Without proper security these loan can not be sanctioned. All the papers are same as HPSM commercial but in this field client have to be show the proper documents of building which making procedure has been started. Generally after making one or two storied building client can apply for loan to construct the building otherwise not.
### Additional Documents for HPSM Real State

- Valid trade License
- Business TIN
- Photocopy of Passport
- 2 Grunter
- Accounts Statement of Business Transaction
- Necessary other documents

### Eligibility:
- Age between 18-55 years

### Loan Amount:
- The loan amount fully depends on the security. If the security covers the loan amount H/O will sanction the money

---

**LOAN AGAINST TRUST RECEIPT (LTR):**

This is executed by the Borrowers to release shipping documents for taking delivery of merchandise, which is hypothecated to bank. The goods are handed over to the importer under trust with the arrangement that sale proceeds should be deposited to liquidate the advances within a given period. The borrowers agree to take delivery of the merchandise as the bank’s agents and acknowledge that the bank remains owner of the goods and they will be holding the goods on behalf of the bank, as trustees until complete repayment of the debts to the bank. Usually the loan is granted on the basis of trust and is allowed 60-90 days time to make payment.

For giving these types of loan, officer makes loan proposal and sends it to H/O for approval. After getting approval from H/O, bank grants loan in the form of LTR.

**INLAND DOCUMENTARY BILL PURCHASE (IDBP):**

Inland Documentary Bill Purchase operation is same as Import/Export L/C operation. It opens L/C on request from the buyer in favor of the seller. That is, it undertakes the responsibility to make payments to the seller on behalf of the buyer. Most of the inland L/C is ‘Back to Back L/C’ and currency involved is denominated in foreign currency (Dollar or Pound). Documents for negotiation are
FOREIGN DOCUMENTARY BILL PURCHASE (FDBP):

Sometimes the client submits the bill of export to bank for collection and payment of the BTB L/C. In that case, bank purchases the bill and collects the money from the exporter. PBL subtracts the amount of bill from BTB and gives the rest amount to the client in cash or by crediting his account or by the pay order.

For this purpose, SEBL, MB maintains a separate register named FDBP Register. This Register contains the following information:

- Name of the collecting bank
- Name of the drawee
- Export L/C number
- Conversion rate
- Diversification of loan
- Name of the collecting bank
- Bill amount both in figure & in Taka.
- Conversion rate
- Date Reference number (FDBP)
The overall condition of Loans in this year up to November

Amount of Accounts Maintained by this Department

% Of Amount Deposited and Advanced in Different Accounts Maintained
**Document:**

Document is a written statement of facts and a proof or evidence in respect to a particular transaction between parties involved thereto, to be answerable/liable on placement before a Court of Law for satisfaction of the charges created therein.

**Documentation:**

Documentation may be described as the process or technique of obtaining the relevant documents.

**Importance of Documentation:**

Completion of required documentation formalities as per terms of approved sanction letter before disbursement of a loan is necessary for the following:

- To protect the interest of the bank from any distress situation
- Acknowledgement of the debt by the borrower.
- To take legal action against the borrower in case of default.
- To create charge on the assets of the borrower to recover the loan in case of need.
- For safety, security and liquidity of the depositor’s money.

**Types of documents:**

Documents related to securing loans and advances are classified into the following two categories (a) Charge Documents, and (b) Legal Documents:

1. Charge documents are pre-formatted and printed forms provided by the Bank to the client for execution to create charge on the securities against loans and advances.

2. Legal Documents are legal papers provided by the client certifying the legal status of the borrower, borrowing power, title to goods and property, legal deeds and power of attorney related to creation of charge on securities.
Steps of Documentation

<table>
<thead>
<tr>
<th>Instruments/ Documents</th>
<th>Obtaining of documents depends on 3 factors such as Legal status of the borrower, type of facility and Nature of Security &amp; Checking instrument or documents, charge documents, standard documents &amp; other specified documents as specified document by bank lawyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stamping</td>
<td>Signature of documents should be done with proper stamping as required under Stamps Act. Unstamped and insufficiently stamped document is not acceptable before the court of law.</td>
</tr>
<tr>
<td>Execution</td>
<td>Documents to be executed signed by the parties concerned competent to do so either in official capacity or in personal capacity as the case may be. In some case such documents are required to be executed in presence of witness.</td>
</tr>
<tr>
<td>Witnessing</td>
<td>Witnesses by two persons at least one from Bank’s side and another from Customer’s side.</td>
</tr>
<tr>
<td>Registration</td>
<td>Registration with Sub-registrar’s Office/RJSC.</td>
</tr>
<tr>
<td>Preservation</td>
<td>Preservation in the Vault duly recorded in the Register with Check-list.</td>
</tr>
</tbody>
</table>

5.2.1 RELEASE OF SECURITIES:

No securities are to be returned to the borrower without approval of two authorized signatories one of which must be either Manager or Manager (Operations).

5.2.2 GUIDELINES TOWARDS DOCUMENTATION:

In addition to standard charge documents duly vetted by Legal Retainer, the following documents are to be obtained.

**Limited Company**

- In case of Limited Company Memorandum and Articles of Association of the Company have to be certified by the Registrar, Joint Stock Companies or Notary Public or Chairman / Secretary of the Company.

- Board Resolution is needed before taking the loan and Resolutions must be duly certified.

- Personal guarantee of all the Directors.

**Partnership Firm**

1. Registration certificate in case of Partnership deed registered with Registrar of firms.
2. Partnership deed registered has to be certified at Sub-Registrars Office timely (Un-Registered firms are avoided).

3. Resolution of the Partners for taking loans and authorizing Partner's to execute security documents.

4. Personal Guarantee of all the Partners.

5. An undertaking to the effect that Partnership shall not be changed

6. Inquiry required about Income tax liability preferably TIN Number should be obtained.

<table>
<thead>
<tr>
<th>Proprietorship firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Trade License (renewed up to current year) to prove the ownership of the concern.</td>
</tr>
<tr>
<td>2. TIN Number to ascertain whether he is an Income tax satisfactory or not.</td>
</tr>
</tbody>
</table>

In case of mortgage of property Adjustment is –

- Registration of Deed of Mortgage is mandatory and no mortgage shall be valid without registration.
- Registration fee at a maximum of Tk.5, 000/- and minimum of Tk.200/-
- No sale or 2nd mortgage of the mortgaged property can be executed without the written consent of the 1st mortgagee.

Documents must be approved by Lawyer.

- Original title deed must be obtained in the Registration office otherwise the certified copy with properly discharged delivery receipt may be accepted
- Mutation Khatian in the name of the present owner has to be signed by the Assistant Commissioner (AC Land).
- Bia-deeds which means previous title deeds
- Up-to-date Land Revenue/Ground Rent payment receipts, Records of right (parcha: C.S., S.A. & R.S) and other supporting documents which is a proved that the position is appropriate owners.
- Municipal tax payment receipts (It is mandatory for Town Property).
- Non-Encumbrance certificate to be obtained from sub-Registers Office issued by a Registered Searcher.
Memorandum of Deposit of Title deed must be properly executed. Name, Address, (both present and permanent) Father's / Husband's name must be in the memorandum. Names, addresses and signatures of two witnesses is mandatory.

In case of property owned by a limited company, then Charge must be created with Registrar of Joint Stock Company (RJSC) within 21 days from the date of execution of the mortgage deed.

Power of Attorney

- It should be on Proper Non-judicial Stamp paper (Tk.200/-)
- In case of immovable property, it should be registered.
- If the Banks want the proper bills and documents to the owner then owner is bound to submit it and also have to give the permission to sell the property if the party fail to give the money back with interest in a certain period.

Tripartite Agreement:

- Must be sealed and signed by all parties including the Bank.
- Witnesses must also sign.

5.3 SANCTION:

5.3.1 SANCTIONING PROCESS:

- Collecting credit information about the applicant to determine the credit worthiness of the borrower. Sources of information
  - Personal Investigation, Confidential Report from other bank, Head Office/Branch/Chamber of Commerce.
  - CIB (Central Information Bureau) report from Central Bank.
  - Evaluating the proposed security
  - Sending proposal in Head Office in favor of the client if the requirement is ok.
  - If everything is in accordance the loan is sanctioned

5.3.2 DISBURSEMENT:

Security documents are to be prepared with approval terms and to be legally enforceable. Standard loan facility documentation is to be drafted or prepared by the legal counsel. The
functions of preparation of documents are performed by the branch and expectations are referred to legal counsel for advice. Disbursements under loan facilities are made when all security documentations are in place. CIB report should reflect the name of all the lenders with facility, limit and outstanding. All formalities regarding large loan and loan to directors are guided by the CB and related section of the Bank Companies Act. All credit approval terms must be met. The check list certificate is to be signed by Credit-In Charge and HOB. In order to cope with the revised policy, the disbursement authority will be vested to the Head of Credit Administration Division. In the absence of DMD, the power may be extended by the SEVP.

5.3.3 CONTROL OF CREDIT OPERATIONS:
The credit control operation falls into two main parts –

- Regular monitoring of all accounts and review all excess over limits
- Monitoring of delinquent accounts

Credit monitoring:
In order to minimize losses of loans and advances, monitoring procedures and systems should be in place that provides early indication of the deteriorating financial health of a borrower. The credit monitoring process in Bank is vested on Monitoring, Recovery and Compliance Division. The Monitoring, Recovery and Compliance Division will report the exceptional list of assets on daily basis on the following categories:

- Past due (which are not paid or renewed at maturity) principal or interest payments, past due trade bills, account excesses, and breach of loan covenants.
- Loan terms and conditions are monitored, financial statements are received on a regular basis and any covenant violates or exceptions are referred to CRM and the credit officer/RM team for timely follow up.
- Timely corrective action is taken to address findings of any internal, external or regulatory inspection.
- All loan facilities are reviewed and approved through the submission of a Credit Application at least annually.
- The bank offers different kinds of credit facilities to the customers. Each kind of facility has distinctive natures and characteristics. In below few of the credit facilities are described.
5.3.4 BANK GUARANTEE:

According to the Section 126 of Contract Act, 1872, guarantee can be defined as a contract to perform the promise or discharge of liability of a third person in case of his default. The person who gives the guarantee is called the ‘surety’, the person in respect of whose default the guarantee is given is called ‘the principal debtor’ and the person to whom the guarantee is given is called the ‘creditor’. It is an irrevocable undertaking to pay in case of a certain eventuality. The customer applies to the bank to issue a guarantee along with the following information, -

- Beneficiary (name and address)
- Amount
- Expiry (with claim period)
- Delivery object
Information relating to a guarantee issued under a documentary credit (in case of a foreign guarantee)

- Special conditions
- Handing over to principal/beneficiary/representative/third party.

After that, the bank official scrutinizes the application and takes the guarantee margin, commission, postage charge from the customer.

**Types of guarantee:**

The different types of guarantee that SEBL, MB offers are as follows,

<table>
<thead>
<tr>
<th>Security guarantee</th>
<th>This type of guarantee is given when security is required</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bid Bond</strong></td>
<td>The tender guarantee assures the tender that tenders shall uphold the conditions of his tender during the period of the offer as binding and that he/she will also sign the contract in the event of the order being granted.</td>
</tr>
<tr>
<td><strong>Performance Bond</strong></td>
<td>A Performance guarantee expires on completion of the delivery or performance. Beneficiary finds that as a guarantee, the contract will be fulfilled in every respect and can retain the guarantee as per provision for long time. Including a clause stating that the supplier can claim under the guarantee, by presenting an acceptance certificate signed by the buyer can counteract this.</td>
</tr>
<tr>
<td><strong>Advanced payment guarantee (APG):</strong></td>
<td>This type of guarantee is given against work order. This idea can be made clear with the help of an example. Before the beginning of Jamuna Bridge construction, the Government collected money from different sources to pay the contractors in advance. But, there was a risk for the Government that the contractors might not do there construction work even they were paid in advance. So, the Government asked Bank Guarantee from them. Then the contractors submitted Bank Guarantee to the Government. This type of Guarantee is called Advanced Payment Guarantee.</td>
</tr>
</tbody>
</table>
Chapter: 06
SWOT ANALYSIS
**SWOT Analysis of SEBL**

The experience which I gathered during my practical orientation in SEBL, I find these following criteria according SWOT analysis.

<table>
<thead>
<tr>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Efficient administration.</td>
<td>• Reluctance to marketing campaign.</td>
</tr>
<tr>
<td>• Cooperation with each other.</td>
<td>• Existing of manual vouchers.</td>
</tr>
<tr>
<td>• Usage of SWIFT technology.</td>
<td>• Islamic branches are not follow Islamic Banking System</td>
</tr>
<tr>
<td>• Good banker-customer relationship.</td>
<td>• Lack of manpower.</td>
</tr>
<tr>
<td>• Strong financial position.</td>
<td>• Lack of experienced employees in junior level management</td>
</tr>
<tr>
<td>• Energetic as well as smart work force.</td>
<td>• Lack of modernized Software compete with MNC’S</td>
</tr>
<tr>
<td>• Capable management.</td>
<td></td>
</tr>
<tr>
<td>• Adequate capitalization.</td>
<td></td>
</tr>
<tr>
<td>• Good profitability.</td>
<td></td>
</tr>
<tr>
<td>• Above-average asset quality.</td>
<td></td>
</tr>
<tr>
<td>• Extremely rapid growth.</td>
<td></td>
</tr>
<tr>
<td>• Online Branch Banking.</td>
<td></td>
</tr>
<tr>
<td>• SMS Banking</td>
<td></td>
</tr>
<tr>
<td>Opportunity</td>
<td>Threat</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>• Launching ATM booth with branches</td>
<td>• Poor economical condition of our country.</td>
</tr>
<tr>
<td>• Huge business area.</td>
<td>• Entrance of new private commercial banks</td>
</tr>
<tr>
<td>• Growth of sales volume.</td>
<td>• Different attractive service offered by some foreign banks.</td>
</tr>
<tr>
<td>• Change in political environment.</td>
<td>• Daily basis interest on deposit offered by some Multinational banks (HSBC).</td>
</tr>
<tr>
<td>• Expand franchise based on consumer.</td>
<td></td>
</tr>
<tr>
<td>• Launching own ATM card services various facility.</td>
<td></td>
</tr>
</tbody>
</table>
Chapter: 07
OBSERVATION & RECOMMANDATION
OBSERVATIONS AND RECOMMENDATION:

SEBL is one of the potential banks in the banking sector. The Motijheel branch of SEBL is a small branch. Therefore, it is not an easy job to find so many things during the very short period of practical orientation program. Now, I would like to present my observations and give, my opinion to improve the banking service and make the customer more satisfied.

RENOVATION OF CUSTOMER SERVICE:
Since a number of new banks are coming to existence with their extended customer service pattern in a completely competitive manner. Customer services must be made dynamic and prompt. Now a days, people especially business people have very little time to waste. So the bank should make its service prompt so that people need not give more time in the banking activities.

SPEED UP PROCESSING OF LOAN APPLICATION:
If loan-processing time is lengthy, it will not get good borrower. Most of this time is spent for correspondence between Head Office and Branch. So the branch should speed up its loan processing time. For reducing loan-processing time, branch manager should be given more power to sanction loan. This power can eliminate the time. Branch should have independent appraiser for appraising term loan proposal.

PROVIDING MORE INDUSTRIAL LOANS:
It seemed to me that the bank having a large amount of deposit is not simply encouraging the large scale of producers that is this bank is not providing that much of long term industrial loans to accelerate the economy as well as to help the economy to solve unemployment problem.

BRANCH SHOULD BE DIVERSIFIED IN ITS SERVICES:
Bank should diversify its banking services and add new features in its services so that it can attract customers from all groups of people. Financial Engineers of SEBL should be innovative in developing new banking services, which will attract customers and reduce costs. The Branch can provide Marriage loan, Car Loan, Study Loan etc.
INTRODUCE MODERN TECHNOLOGY:
Without using modern technology no bank can even think of remaining in the business in near future. So the bank must decide right now how it can equip its branches with modern technology. Use of modern technology in one sense can increase cost but another sense it increases productivity highly and it attract big clients. It can introduce ATM services in branch. Use of automatic machine like cash counter machine, ATM brings speed in banking services.

INFORMATION SYSTEM SHOULD BE DEVELOPED:
For information transfer, branch uses primitive ways of telex, messenger and personal visit. It makes correspondence with the head office by peon or orderly. For international correspondence the branch uses telex machine, which is very costly. And in the branch, manager has to visit specific desk for collecting information. Paper communication is too involved between manager and employees. But branch can use INTERNET for both local and international correspondence. E – Mail can reduce the telex cost substantially. Bank should take urgent decision to create own WEB Page in INTERNET so that it can communicate with others very quickly.

BANK SHOULD USE MODISH TECHNOLOGY:
There are computers almost in every branch in the SEBL, but The Software using by the bank is not that much up to the minute which can compete with the foreign banks properly. Its true that, The networking system obviously charges a high installation cost, but it will definitely reduce the overhead costs and an error free banking may be in progress. Moreover by adopting this system the bank can join in modern competition of along with e-commerce concept. The main problem is that the foreign banks and other private commercial banks have started providing these facilities, so introduction of these facilities will be added as modern facilities enhanced, rather it will be a question of survival in the next decade for the bank.
PROVIDING MORE INDUSTRIAL LOANS:
It seemed to me that the bank having a large amount of deposit is not encouraging the large scale producers that much of long term industrial loans to accelerate the economy as well as to help the economy to solve unemployment problem.

ENSURE PROPER DIVISION OF LABOR IN THE DESK:
There is lack of division of labor in the branch. Therefore every body has to handle every type of banking services. This decreases the level of performance of the personnel, though it reduces monotonousness. But lack of division of labor hampers the discipline of working environment. So customers are to wait for some time for the desired service, which is contrary to the Premium Banking objective.

ENSURE SUFFICIENT MANPOWER:
The number of human resources is needed in Front Desk and in clearing section is really insufficient to give services to huge number of customers. So, number of staff should be increased in those sections.

DEVELOPMENT OF HUMAN RESOURCES:
Human resource is another sector for the branch to be developed urgently. Human resources, in the branch, need to be equipped with adequate banking knowledge. Majority of the human resources must be having basic knowledge regarding money, banking, finance and accounting. Without proper knowledge in these subjects, efficiency cannot be optimized. Bank can arrange training program on these subjects like: On the job Training.

ENSURE PROPER MAINTENANCE OF FILES:
Southeast Bank Ltd, Motijheel Branch gives personalized services. All the officers have to give concentration to the customers, while doing this they cannot properly maintain the customer files. In many cases, most of the files and papers are kept here and there by the officers during the busy hour. So, the Branch management should more conscious about the decoration for keeping important files.
ENSURE PROPER MAINTENANCE OF MACHINERIES:
Motijheel Br. is supposed to be very neat and clean and well decorated. But sometimes it loses its glamour. The cleaners are not regular in their duties so, this habit must be changed. Most of the time the branch’s Photocopy is hampered in terms of the lackages of the proper photocopiers. So, attention should be given on proper maintenance.

MORE GIFTS AND DISCOUNTS FOR THE PREMIUM CUSTOMERS:
Premium Customer should be offered occasional gifts and discounts, which can make the Premium Service more attractive and keep consumer delight. The interest rates on several loan and deposit schemes should be differentiated for the Premium customers.

OFFER SOME LOAN AND DEPOSIT SCHEME EXCLUSIVELY FOR THE PREMIUM CUSTOMERS:
All the lending and savings packages offered to the Premium customers are same as offered to the general customers, excepting the waiver of service charges for Premium Ones. Southeast Bank Ltd. should try to introduce more attractive lending and savings scheme to its Premium customers to create more business for the Bank. The Bank can pay more attention to this segment of customers, as it is the most solvent group from which income can be generated if the package is designed properly.

THE ISLAMIC BRANCH SHOULD FOLLOW ISLAMIC BANKING:
Southeast Bank has 38 branches but only 5 branches is Islamic Banking branch including Motijheel Branch. I have observed something very closely that the branch is not following Islamic rules and regulation in this branch. Interest rate, Profit and loss amount all things are same as corporate branches. So. My recommendation is to follow the rules of Islamic Banking otherwise the Banks reputation can be hampered.
CONCLUSION:

During the three months of Internship program at Southeast Bank Motijheel Branch almost all the desks have been observed more or less other than Foreign Exchange Department. This Practical orientation program, in first, has been arranged for gaining knowledge of practical banking and to compare this practical knowledge with theoretical knowledge. Comparing practical knowledge with theoretical involves identification of weakness in the branch activities and making recommendations for solving the weakness identified. Though all departments and sections are covered in the internship program, it is not possible to go to the depth of each activities of branch because of time limitation. However, highest effort has been given to achieve the objectives the internship program.
REFERENCE:

I. Annual Report, Southeast Bank Limited, 2005
II. Annual Report, Southeast Bank Limited, 2006
III. “Credit Policy Guide” Southeast Bank Limited
IV. Southeast Bank Website: www.sebankbd.com