

BRAC UNIVERSITY



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

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Date of Submission: July 24, 2016

LETTER OF TRANSMITTAL

24 July, 2016

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

Dear Sir,

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

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

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

Sincerely yours,

Md. Mohsin Alam
ID: 13264001
Department: MBA

LETTER OF ENDORSEMENT

This is to certify that internship report on” General Banking Operation of Mercantile Bank Limited (MBL)” is done by Md.Mohsin Alam, ID: 13264001 as partial fulfillment of the requirement of MBA program from the BRAC Business School, BRAC University.

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

I wish every success in his life.

Signature of supervisor

S.M. Arifuzzaman

Assistant Professor

Coordinator, MBA Program

BRAC Business School

BRAC University

ACKNOWLEDGEMENT

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

I would also like to thank **Mr. Mohammed Mamunur Rashid** (First Assistant Vice President & Head of Branch), **Mr. Md. Yaseer Arafat** (Senior Executive Officer), **Md. Kazi Enamul Karim (Rumel)**(Officer), **Mr. Mohammad Rashedul Kabir Tuhin** (Officer), **Mr. Md. Moshir Rahman** (Officer), **Md. Zaber** (Trainee Assistant Officer) of Mercantile Bank Limited for sparing their valuable time in giving me the information and the opportunity to work with them. I gathered practical knowledge that was needed in order to make this internship program successful.

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

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

EXECUTIVE SUMMARY

Banking sector is the one of the stable financial institution of a country. Mercantile Bank Limited has upgrading their position and services and gaining a better position today and they are trying to be the most leading private commercial bank in Bangladesh and most leading financial institution in the banking sector. The date of this bank incorporated was MAY 20th, 1999. It started its operation on JUNE 2nd, 1999.

In this report I made some a small brief about the condition of “**General Banking Activities of Mercantile Bank Ltd. (Suaganj Bazar Branch)**”. Commercial banks are the primary contributors to the economy of a country and so I can say that commercial bank is a profit-making institution that holds the deposits of individuals & business checking & savings accounts and then uses these funds to make loans and for that reason people and the government is very much dependable on these banks as financial intermediary. As the banks are profit-earnings concern, they collect deposit at the lowest possible cost and provide loans and advances at highest cost. The differences between two are the profit for the bank.

The general banking department does the most important and basic works of the bank. All other departments are linked with this department. It also pays a vital role in deposit mobilization of the branch. MBL provides different types of accounts, locker service and special types of saving scheme under general banking.

At the end I have tried to show some suggestion for the promotion and betterment of the bank.

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Chapter-1

1.1 Introduction

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

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

1.2 Banking History in Bangladesh

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

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

1.3 Banking System in Bangladesh

Bangladesh has a mixed banking system comprises of nationalized, private and foreign commercial banks. Bangladesh Bank (BB) has working as the central bank of the country since the independence of the country. Its prime jobs include issuing currencies, maintaining foreign

exchange reserve and providing transaction facilities of all public monetary matters. BB is responsible for planning and implementing the government's monetary policy.

Banking Companies Ordinances:

The Banking Companies Ordinance was promulgated on the 7th June 1962. This has been adopted in Bangladesh and is applicable to the banking companies only. Nothing of this ordinance shall apply to a co-operative bank registered under the co-operative Societies Act (1912). Main forms of business of Banking Companies

- ❑ Borrowing, raising or taking up money.
- ❑ The lending or advancing of money either upon or without security.
- ❑ Dealing in securities and investment.
- ❑ Other business as detailed in section 7.

Negotiable Instrument Act:

The Negotiable Instrument Act, 1881 is the legislative enactment of the Law relating to three classes of Negotiable Instruments namely: Promissory Notes, Bills of Exchange and Cheques, which are in common mercantile use in the monetary instructions. It came into force on 1st March 1882.

The law relating to negotiable instruments is not the law of our country or of one nation. It is the law of the mercantile world in general. It consists of "Certain principles of equity usages of trade, which general convenience and commonsense of justice had established to regulate the dealings in merchants and mariners in all the commercial countries of the civilized world".

Categories of Banks:

In our country, there are four types of banks exist. Such as:

1. Central Bank.
2. Commercial Banks.
 - a. Nationalized Commercial Banks.
 - b. Private Commercial Banks.
 - c. Foreign Banks.

3. Specialized Banks / Development Banks and credit agencies.
4. Bangladesh Samabay Bank.

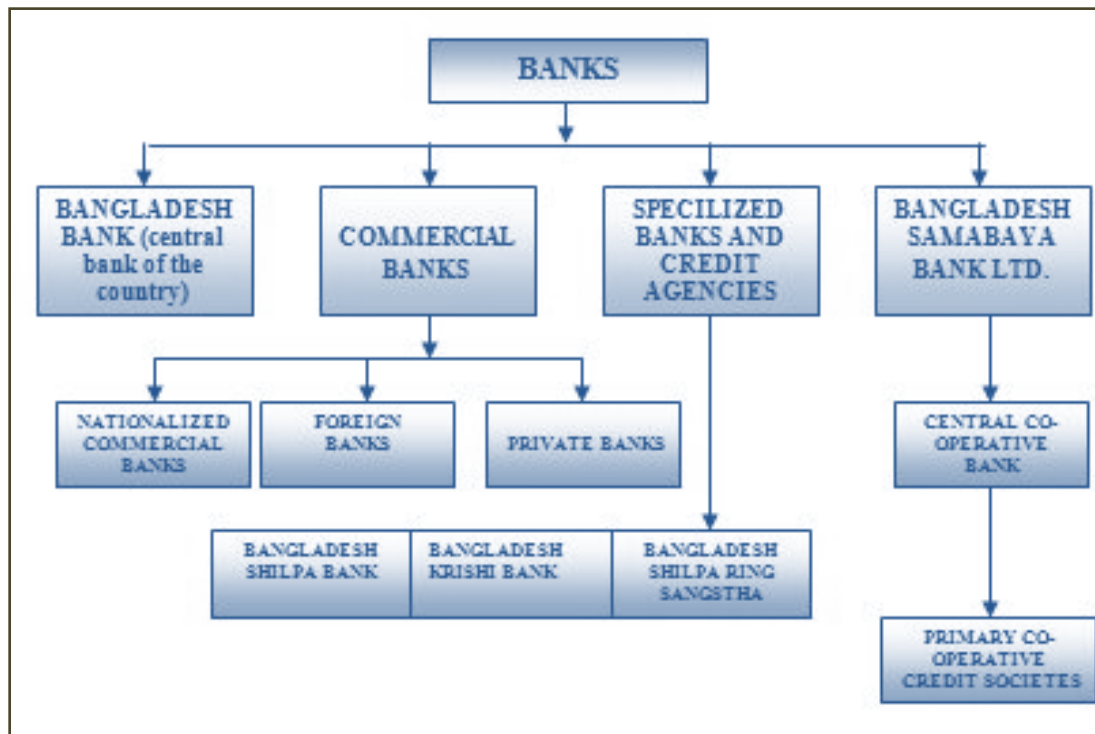


Figure: Classification of Banks in Bangladesh

Chapter- 2

2.1 Origin of the Report

This report has been prepared on the basis of experience gathered in Mercantile Bank Limited, Suaganj Bazar Branch. For preparing this report, I have also collected information from annual report and Website of the Mercantile Bank Limited. I have presented my experience and findings by using different charts and tables.

2.2 Objective of the Report

The primary objective of the study is to obtain an understanding of the practical banking activities and relate them with theoretical knowledge that I gained through the theoretical training from the University. Besides this report has been composed to obtain the following objectives:

1. To fulfill the requirements of the Project program under MBA program.
2. To know about the MBL general banking operation as a private commercial bank.
3. To get some idea about the international trade such as export, import, foreign remittance.
8. Recommending some guidelines to improve the effectiveness and effectiveness of general banking services.
4. Determining the drawbacks of the existing general banking system.

2.3 Methodology

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

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

2.4 Limitation

As I have received co-operation from the concerning body but it was very hard to discuss with them because most of the time they were busy with their work. It was impossible for me to gather the information about the policy of decision making and their business strategy of MBL because the administrative authority will not allow to know about those information.

The study of a short course of time is not free from limitations. Actually, this study doesn't show the total Banking service renders by the various departments of the various branch. It only shows the status of a particular branch. Because the internship has been done in a specific branch, the major limitations that the study faced during the study period are spotlighted below:

1. This study of a short course of time is not free from barriers. Working with the report after regular office hours is so difficult.
2. The data requirement for sufficient analysis for report writing could not be collected due to excessive workload.
3. I had more dependence on the Secondary sources, so there might be some level of inaccuracy with those collected information.

4. Confidential information regarding past profit or product cost, financial information was not accurately obtained. As like all other banking institutions, MBL is also very conservative and strict in providing that information. Still, I had tried my best in obtaining that sensitive information, as much as possible.
5. Next, many of the analysis on the obtained data are based upon my sole interpretation. This in result might bring some biases, as lack of knowledge and understanding.
6. Time constraint was another limitation restricting this report from being more detailed or analytical. Because of the Managers at the operation or strategic level of the concerned department was so busy.

2.5 Scope of the Study

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

Chapter 3

3.1 Historical background of MBL

Mercantile Bank Limited emerged as a new commercial bank to provide efficient banking services and to contribute socio-economic development of the country. The bank started its operation on JUNE 2, 1999. The authorized capital of the bank was BDT 12000.00 million & Paid up capital of the bank was value of BDT 7391.59 million of 739156701 ordinary shares, face value of BDT 10 each and listed both in Dhaka and Chittagong stock exchange limited. The bank provides a board range of financial services to its customers and corporate clients. The board Directors consists of eminent personalities from the realm of commerce and industries of the country. Mercantile Bank Limited is a scheduled private commercial bank establish on 20th May, 1999 under the bank company Act, 1991 and incorporated as a public limited company under companies Act, 1994. The bank started commercials banking operation from 2nd June, 1999. From then within a short time MBL establish itself in a strong position in the economy of the country. It has earned significant reputation in the country's banking sector as Bank and created a wide image in the eye of the people. The dream of creating MBL, which is 'A Bank of 21st century', has become successful because of the initiative of some persons who are the sponsors of MBL. There are 11 sponsors in Mercantile Bank Limited and all of them are highly regarded for their entrepreneurial competence.

The bank had been widely welcome by the business community, from small entrepreneurs for forward-looking business outlook and innovative financing solutions. This bank has earned significant reputation in the country's banking sector as a bank with vision. The company philosophy – “**Efficiency is our strength**” has been exactly the success of this bank.

3.2 Mission, Vision and Core Values

Mission:

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

Vision:

- Would make finest corporate citizen

Slogan: Efficiency is our Strength.

3.3 Objectives

• **Strategic objectives**

- To achieve positive Economic Value Added (EVA) each year.
- To be market leader in product innovation.
- To be one of the top three Financial Institutions in Bangladesh in terms of cost efficiency.
- To be one of the top five Financial Institutions in Bangladesh in terms of market share in all significant market segments we serve.

Financial objectives

- To achieve a return on shareholders' equity of 20% or more, on average.

Core values:

- **For the customers:** Providing with caring services by being innovative in the development of new banking products and services.
- **For the shareholders:** Maximizing wealth of the Bank.

- **For the employees:** Respecting worth and dignity of individual employees devoting their energies for the progress of the Bank.
- **For the community:** Strengthening the corporate values and taking environment and social risks and reward into account.
- **New technology:** Adopting the state-of-art technology in banking operations

3.4 Corporate Priorities

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

3.5 Corporate Philosophy

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

3.6 Operations

The importance of the mobilization of saving for economic development of our country can hardly be over emphasized. The bank considers savings and deposit as life-blood of the bank. More the deposit, greater is the strength of the bank. So, they intends to launch various new savings schemes with greater is the strength of the bank and prospect of higher of return duly supported by a well-orchestrated system of customer services.

Technology such as computer, ATM, Tele-communication etc. all would be harmonized and adapted to the system in order to provide round-the-clock and any-branch services to the clients. Travelers' cheques, credit cards and other ancillary services including payment of different bills from one counter will also be introduced to achieve the ultimate goal of ONE-STOP service to the customers' value.

The bank would cater to the credit needs of individuals as well as corporate clients. Initially it will emphasize on trade finance, which would be short-term and self-liquidating in nature. Considering the importance of Export and Import and also handing of foreign remittance business would be given top-most priority.


Customer credit is a relatively new field of micro-credit activities. People with limited income can avail with this credit facility to buy any household effects including car, computer and other

durable. Mercantile Bank Limited (MBL) will play a vital role in extending the consumer credits in line with its policy of people-oriented banking.

Lease-Finance is an area of business where the bank would actively participate. Because of certain built-in advantages, the industrial entrepreneurs are being increasingly attracted to this type of financing. Moreover, Mercantile Bank Limited (MBL) intends to expand the scope of this finance to include financing of agricultural equipment's as well.

The bank would not depend only on interest earnings; rather it would strive hard to go for fee-based income from non-activities of the bank. This type of business includes capital market operations like Underwriting, Portfolio management, Mutual fund management, Investors' account as well as commission-based business like Letter of Guarantee, Inland remittance, Foreign remittance etc. These businesses usually do not involve bank's fund, but on the contrary, offer immense opportunity and scope to expand bank services to the members of public at large.

3.7 MBL At a glance

Name	Mercantile Bank Limited
Date of incorporation	20 th May, 1999
Date of inauguration of operation	2 nd June, 1999
(a) Registered Office	61, Dilkusha Commercial Area Dhaka –1000, Bangladesh Tel-02-9559333, 0171-1535960 Fax: 880-2-09561213 Telex: 642480 MBLMB BI
Logo	 Mercantile Bank Limited <i>efficiency Is our strength</i>
Name of the Chairman of the Board	M.S Ahsan
Name of the managing Director	Kazi Masihur Rahman
Services provided	Deposit Scheme, credit facility and foreign exchange services
Diversification of Product And Services	Corporate banking, Retail Banking

Paid up capital	BDT.7391.57(Million)
Profit after tax & provision	BDT.1393.28(Million)
Publicly Traded Company	Shared quoted daily in DSE & CSE
Banking operation system	Both conventional and foreign exchange system
Technology used	Member of SWIFT, online banking, UNIX based computer system
Market value per share	BDT 10.70
E-mail	mb1@bol-online.com
Website	www.mblbd.com
SWIFT	MBLBDDH
Number of Employees	2117
Number of Braches	109
Number of ATMs	156
Total Assets (BDT in Million)	182800.17
Number of Subsidiaries	02

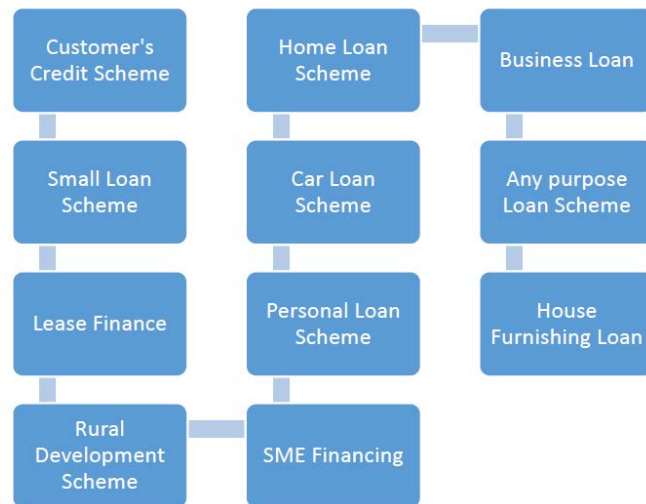
3.8 General Banking & Deposit Management

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

3.9 Credit Department

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

Schemes under Credit



3.10 Foreign Exchange Department

I. Cash L/C

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

II. BTB L/C

1. Export L/C Checking.
2. Opening of BTB L/C (Local/ Foreign/ EDF/ EPZ).
3. Lodgment and confirmation of maturity date.
4. Allowing of PC.
5. Payment against realization of Export Proceeds/ Forced Loan.
6. B/E Matching.
7. Reporting.

III. Export

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

IV. Foreign Remittance

➤ Inward

1. FDD.
2. FTT.
3. Others

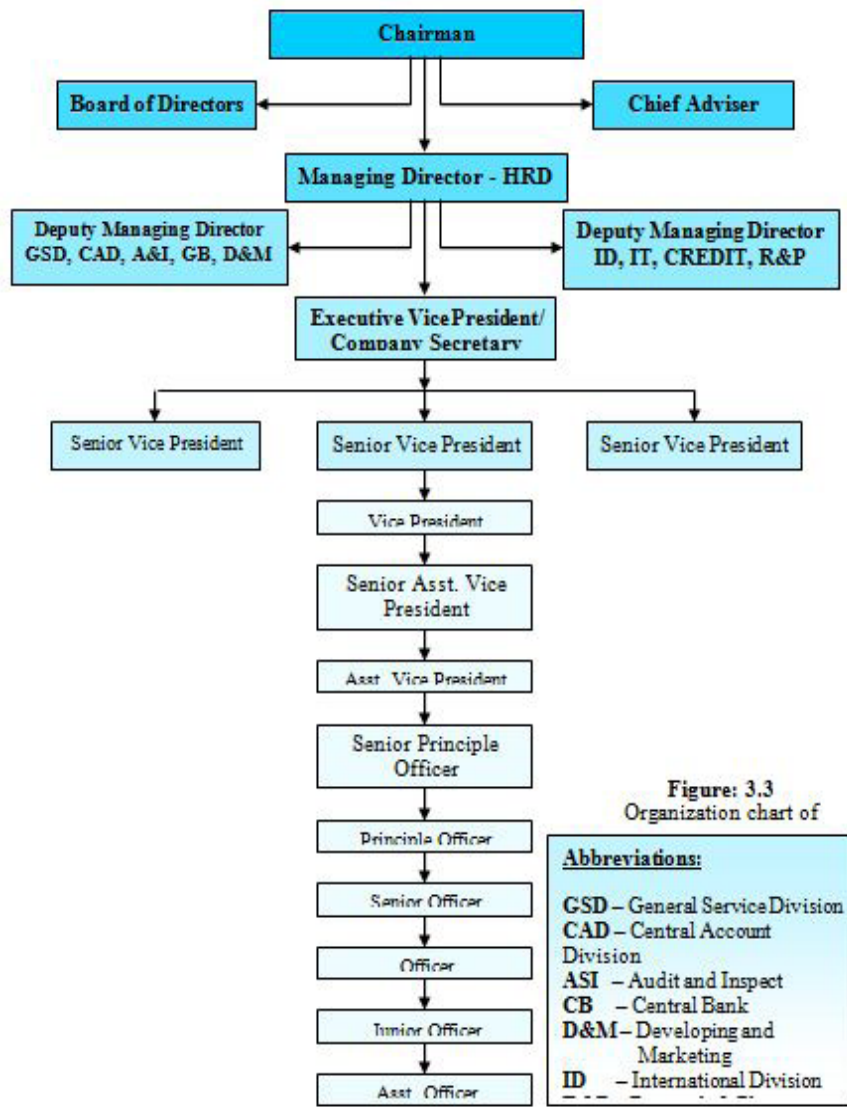
➤ .Outward

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

3.11 Corporate Structure of MBL

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

Management Hierarchy of MBL



Board of Directors

➤ Chairman:

M.S. Ahsan

➤ Vice Chairman

1. Md.AnwarulHaque
2. A.K.M Shaheed Reza

➤ Directors

1. AlhajAkramHossain
2. Dr. Mahmood Osman Imam
3. Md. ShahabuddinAlam
4. A.S.M FerozAlam
5. M. Amanullah
6. Md. Abdul Hannan
7. Mohd. Selim
- 8.MorshedAlam
9. Al-Haj MosharrefHossain
10. Dr. Md. RahmatUllah
11. KaziMasihurRahman

➤ Managing Director & CEO

Kazi Masihur Rahman

3.12 SWOT Analysis

Every organization has its internal strength and weakness and has some external opportunities and threats and this things are given below:

Strengths

- **Superior quality:** Mercantile Bank Ltd. provides its customers excellent and consistent quality in every service for that reason customer become happy with their service.
- **Efficient management:** all the manager of the Mercantile Bank Ltd. are solely directed to maintain a culture for the betterment of the quality service of the bank.
- **Experts:** the main factor of the success of the Mercantile Bank Ltd. is their highly trained officers.

Weakness

- **Limited workforce:** Mercantile Bank Ltd. has limited human resources compared to its financial activities. There are not many people to perform most of the task for that reason many employees are burdened with extra workload.
- **Poor information facility:** they can't provide total information because they don't have library and update website for gathering information
- **External forces:** as a new bank MBL wants to follow the rules and regulation of Bangladesh bank very strictly but other banks do not follow them seriously in attaining their target.

Opportunities

- **Government support:** Government of Bangladesh has returned its full support to the banking sector for a financial status of the country, as it has become one of the vital sources of employment in the country now.

- **Investment opportunity:** there is a great opportunity to take new dimension of banking such as Islamic banking, specialized banking. Otherwise, there are many sectors where this can give special privileges.
- **Evolution of e-banking:** emergence of e-banking will open more scope for Mercantile Bank Ltd. to reach the clients not only in Bangladesh but also in the global banking arena. The bank is already entered the world of e-banking and providing full electronic facilities to its register.
- **Information technology:** banking and information technology might give the bank leverage to its competitors.

Threats

- **Merger and acquisition:** The worldwide trend of merging and acquisition in financial institution is causing concentration. The industry and competitors are increasing in power in their respective areas.
- **Poor telecommunication infrastructure:** As the world e –banking is going faster, Mercantile Bank is also want to do better but the technology of our country is poor and for that reason MBL cannot reach their goals.
- **Insufficient attractive product:** Many banks are entering the market with new and lucrative products. Actually, the market for banking industry is now a buyer-dominated market. Unless the Mercantile Bank Ltd can come up with attractive financial products in the market, it will have to face steep competition in the days to come.

Chapter 4

4.1 General Banking Department of MBL

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

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

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

4.2 Accounts Opening Section:

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

When the customer wants to open an account he/she requires collecting the form from the bank.

The account opening officer in the general banking verifies the information provided by the customer and the documents. Once the customer has fulfilled all the criteria, the officer opens the account.

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

MBL has the following types of accounts:

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

4.2.1 Current Deposit (CD) Account

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

Different types of Current Deposit:

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

Required Documents:

1. Name of applicant(s) together with name(s) of parents and spouse(s)
2. Present and Permanent Address
3. Date of Birth
4. Nationality
5. TIN (if any)

6. Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving Licence / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Parishad
7. Two copies of recent passport size Photographs of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder
9. Copies of Utility Bills, viz. Electricity Bill / Land Phone bill / Cell Phone Bill / Gas Bill / WASA Bill, etc. in the name of applicants.

4.2.2 Savings (SB) Account

This account has been designed and developed for savers who want to save their income. There are restrictions of withdrawal in both amount and frequency. Here the interest rate is 3.50%.

Different types of Savings Account

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

Required Documents:

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

7. Two copies of recent passport size Photographs of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder
9. Copies of Utility Bills, viz. Electricity Bill / Land Phone bill / Cell Phone Bill / Gas Bill / WASA Bill, etc. in the name of applicants.

4.2.3 Fixed Deposit (FDR) Account

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

Different types of FDR Account:

1. Individuals
2. Two or more persons jointly
3. Sole Proprietorship Concerns
4. Partnership Concerns (Firms)
5. Limited Companies (Both Public and Private)
6. Societies / Clubs / Associations / Local Bodies/Govt./Semi Govt. organization etc.

Opening of Fixed Deposit Account:

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

FDR Rates:

FDR Rates: Period	For any Amount
01 Month	3.50%
3 Months	5.00%
6 Months	5.00%
12 Months	5.00%

Required Documents:

1. Name of applicant(s) together with name(s) of parents and spouse(s)
2. Present and Permanent Address
3. Date of Birth
4. Nationality
5. TIN (if any)
6. Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving Licence / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Parishad
7. One copy of recent passport size Photograph of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder.

4.2.4 Special Noticed Deposit Account

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

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

Features and Benefits:

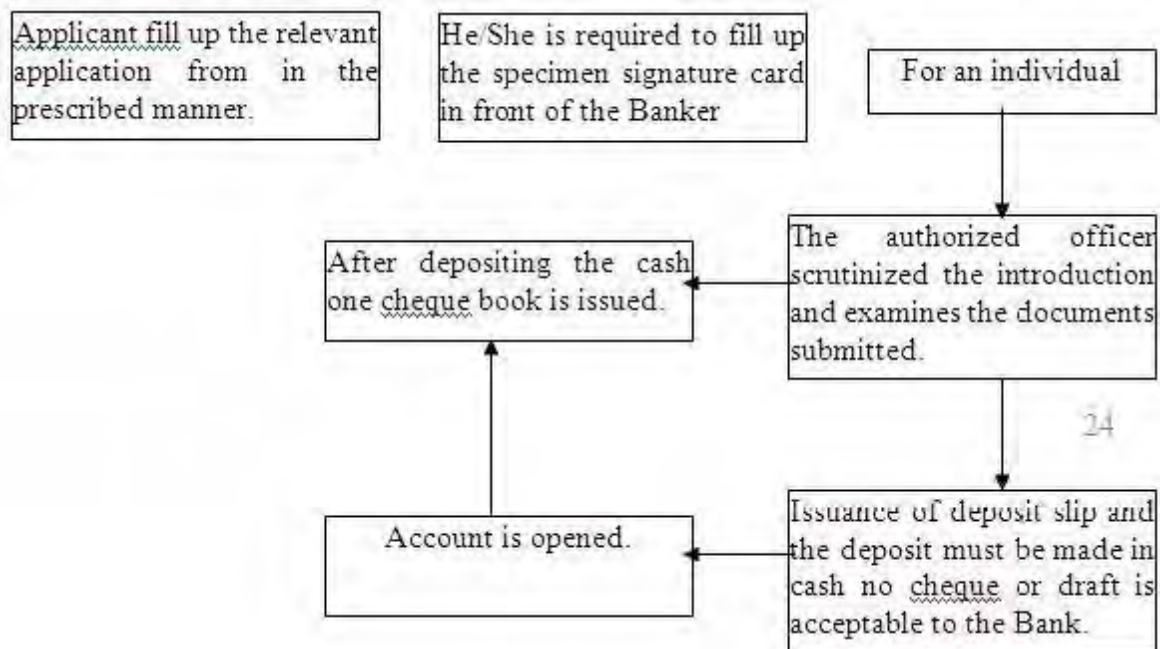
1. Attractive Interest Rates

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

Charge

BDT 1 Lac to Less than BDT 1 Cr.	BDT 1 Cr. to less than BDT 25 Cr.	BDT 25 Cr. to less than BDT 50 Cr.	BDT 50 Cr. to less than BDT 100 Cr.	BDT 100 Cr. and above
2.50%	3.00%	3.50%	4.00%	4.50%

4.3 Procedure to open an Account in Chart



4.4 Deposit Schemes

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

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

MBL has formulated the following Savings Schemes:

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

4.4.1 Double Benefit Deposit Scheme (DBDS)

Objectives

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

Mode

Tenure of the deposit is 7 Years 6 Months.

Rates

Tenure	Effective Interest Rate
10 Years	7.19%

Other Features

1. The Minimum amount of deposit is BDT 10,000.00(Ten Thousand) or its multiples.
2. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
3. In case of premature encashment interest will be paid on Saving A/C Rate.
4. Loan may be granted up to maximum 80% of the deposited amount but minimum principle amount must be BDT 20,000.00.
5. Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized.

4.4.2 Family Maintenance Deposit (FMD)

Objectives

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

Mode

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

Benefits

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

Rates

Particulars	Rate
FMDS	6.49% (3-5 years, Tk. 525/- per Lac)

Other Features

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

4.4.3 Monthly Saving Scheme (MSS)

Objectives

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

Mode

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

Installment & Benefits

Period	Simple Interest Rate	Effective Interest Rate
3 Years	6.04%	6.21%
5 Years	6.04%	6.21%
8 Years	6.04%	6.21%
10 Years	6.04%	6.21%

Other Features

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

4.4.4 Quarterly Benefit Deposit Scheme

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

Rates

Particulars	Rate
QBDS	6.49% (Tk. 1,575/- per Lac)

Other Features

1. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/recovered from the deposit account under this scheme
2. In case of premature encashment interest will be paid on Saving A/C Rate. However, no interest shall be paid if premature encashment take place before expiry of 1 (one) year.

3. In the event of death of the depositor before the maturity, the deposit account may be encased (premature) as per rule or may be continued up to maturity on written approach by the nominee(s).
4. A saving account will be needed to be maintained to receive quarterly benefit payment.
5. Loan may be granted up to maximum 80% of the forced encashment value on the date of loan processing. During the period of continuation of loan, quarterly benefits will be credited only to loan account
6. Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized.

4.4.5 1.5 Times Benefit Deposit Scheme

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

Other Features

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

4.4.6 Super Benefit Deposit Scheme

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

Deposit collection.

Particulars	Rate
SBDS	6.14%

Features

1. Minimum Deposit amount would be BDT 170,000.00 (One Lac Seventy Thousand) or multiples thereof
2. The tenor of the scheme would be one (1) year and renewable at mutually agreed rate.
3. Customer will not be entitled to any interest in case of pre-mature encashment i.e. all benefits given will be deducted from principal.
4. Benefits can be drawn monthly / quarterly / half yearly or at maturity
5. Benefits will be transferred to the SB/CD or any other account where the benefit(s) will be transferred.
6. Scheme holder is entitled to benefit from the next month of account opening
7. A separate prefix number (provided by our IT division) should be used for this scheme
8. Scheme holder will be given a Deposit Receipt after account opening and is non-transferrable
9. Those who have a valid TIN number don't need to pay tax.

4.5 Issuing Cheque Book to the Customers

- a. Issuance of Cheque Book (For New Account)
- b. When a new account is opened and the customer deposits the minimum required money in the account the account opening form is sent for issuance of a Cheque book.

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

4.6 Issuance of Cheque Book (Existing Account)

A. All the procedure for issuing a new cheque book for existing account is same as the procedure of new account. only difference is that customer has to submit the requisition slip of the old cheque book with date, signature and party's address. Computer posting is then given to the requisition slip to know the position of account and to know how many leaf/ Leaves still not used. The number of new check book is entered on the back of the old requisition slip and is signed by the officer.

B. If the cheque is handed over to any other person, then the account holder an acknowledgement slip is issued by the bank addressing the account holder with details of the checkbook. This acknowledgement slip must be signed by the account holder and returned to the bank. Otherwise the bank will not honor any cheque from this checkbook.

C. At the end of the day all the requisition slips and application forms are sent to the computer section to give entry to these new cheques.

4.7 Transfer of an Account

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

4.8 Closing of an Account

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

- A. Notice given by the customer himself
- B. Death of customer
- C. Customer's insanity and insolvency
- D. Order of the court / Injunction of the court
- E. Gamishee Order.

An application to close the account from customer is received.

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

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

4.9 Remittance Section

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

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

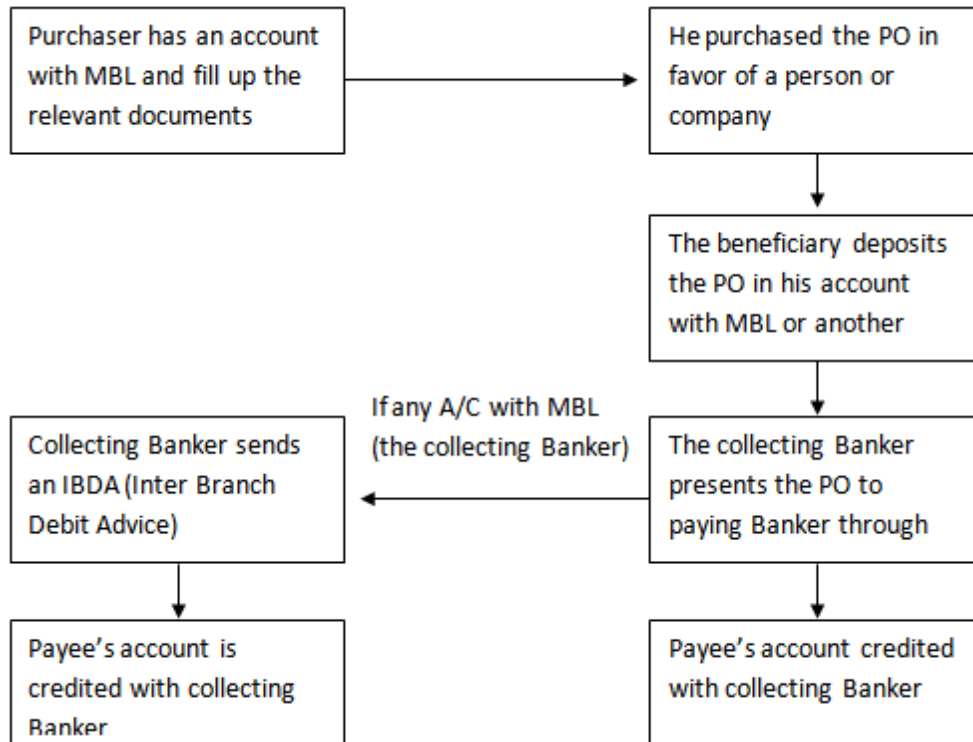
4.9.1 Pay Order (PO):

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

4.9.2 Procedure for Issuing PO:

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

How PO Works:



4.9.3 Procedure of Payment of PP:

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

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

Commission & VAT on Pay Order:

Amount		Commission	VAT
Up to Tk. 10,000	@ 20%	Tk. 25	4
From 10,001 to 100,000	@ 20%	Tk. 50	8
From 100,001 to	@ 20%	Tk. 100	15

500,000			
Above 500,000	Tk. @ 20%	Tk. 150	23
Cancellation or Duplicate Issue of Pay Order	Tk. 100		

4.10 Demand Draft (DD) Issue

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

4.10.1 Issue of Duplicate Draft:

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

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

- Verify the purchaser's signature on the request letter from the signature appearing on the original application form.
- Immediately issue a stop payment instruction to the drawee branch under advice of head office and obtain confirmation of non-payment the L.D. in acquisition.
- After the drawee branch has acknowledged the stop payment order and confirmed that the local draft in acquisition remains unpaid at their end, the issuing branch.
- Should obtain an indemnity Bond on stamp paper as per prescribed format from the purchaser duly signed by him. The branch will thereafter write to head office for their approval to issue a duplicate draft.

- The head office will thereafter issue clearance to the issuing branch for issuing for issuing a duplicate draft in lieu of original reported lost.
- On receipt of the clearance from head office, the issuing branch will issue a completely fresh draft marking clearly the words duplicate issued in lieu of original draft no..... dated in bold letters on the top of the front page of the draft. The printed serial number on the draft should not however be struck off. Intimation should be given to the drawee branch furnishing full particulars of the duplicate draft.
- The particulars of the duplicate draft must resemble those of the original draft in all respects, i.e., all the particulars to the duplicate draft must be identical with those in the original draft No further IBCA is to be issued for the duplicate draft.
- Prescribed duplicate issuance charge is to be recovered for issuing the duplicate draft and credited to "Income Account".

4.11 Process of issuing Local draft:

Followed procedures are followed while issuing local draft-

- Get the application form properly filled up and signed by the applicant.
- Complete the lower portion of the form for the bank's use.
- Calculate the total amount including the bank's commission.
- If the cheque is presented for of the local draft, the officer should get the cheque duly passed for payment by the authorized person and record the particulars of local draft on the back of the cheque.
- If the client wants to debit his account for the payment of the draft amount, the officer should get the account holder's signature verified properly, from signature card on record of the branch and debit clients account for the total amount including commission.
- The first copy of the application form will be treated as Debit Ticket while the second copy will be treated as credit Ticket and kept by the GB. The third copy is handed over to the applicant as customer's copy.

- The GB Department maintains a prescribed L.D. Issue Register. All the required particulars of LDs is sued and should be entered in that register duly authenticated.

4.11.1 Payment of L.D.

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

- On receipt of Credit Advice (IBCA) from the issuing branch the receipt amount is credited in responding branch.

When L.D. is presented for payment at the paying branch, its details are to be carefully examined with reference to the following points-

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

4.12 Telegraphic Transfer (TT)

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

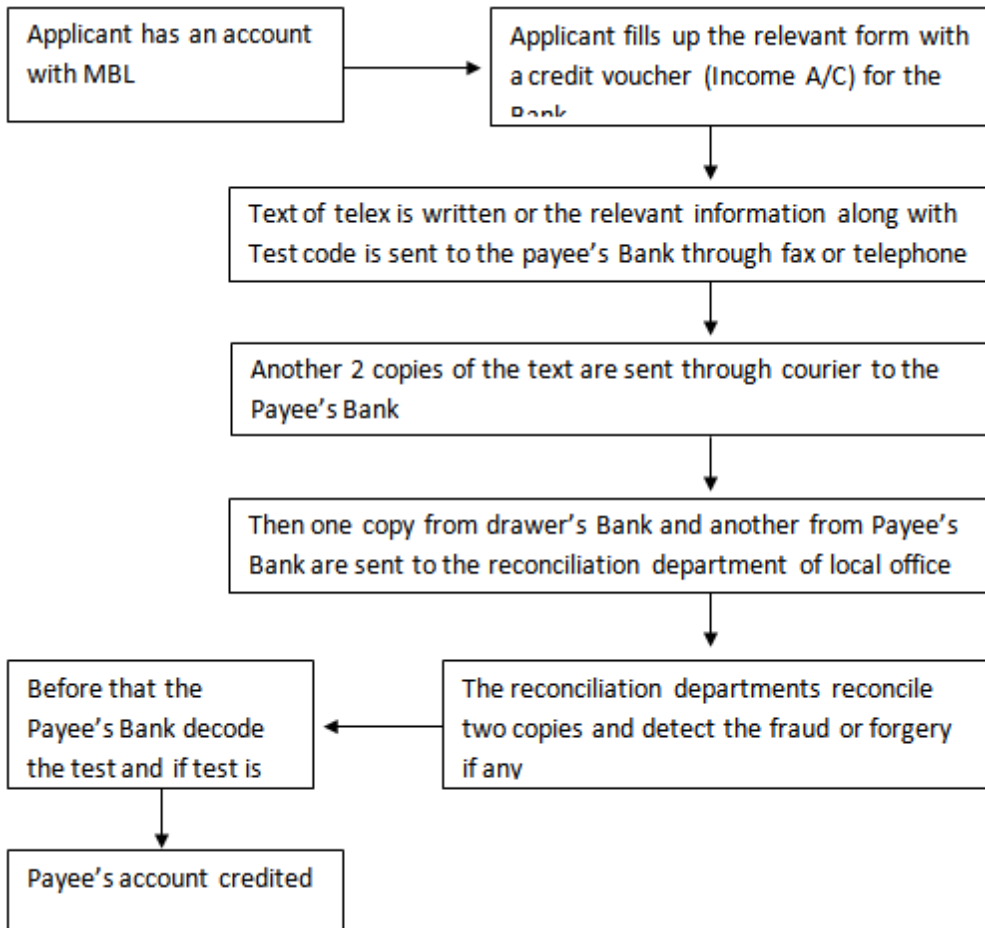
TT is issued against cash, cheque and letter of instruction. All TTs in MBL is sent through mobile phone and Tk. 30 is charged per remittance.

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

4.12.1 Procedure of Issuing TT:

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

4.12.2 How TT Works (Outward):



4.12.3 Payment of TT:

- When a TT arrives through telex, it is sent to the respected officer for the verification of the test number. If the test number is OK, the officer writes down "Test Agreed" on it and signs it. Otherwise, a message is sent back to the issuing branch for the correction of the test number.
- After agreeing the test, the branch issues a debit voucher and a credit voucher, debiting the issuing branch and crediting the payee's account. The branch also issues a credit advice slip addressing the payee information.
- Later on, when the confirmation slip arrives the contra date, on which the payment was made, is put on it and the officer signs it.

- The test number on TT is a security measure for the bankers. The computer section of MBL supplies some arbitrary numbers to each branch of the bank. At the time of issuing the TT, the issuing branch codes the numbers and puts the total figure on the TT voucher. This number is known as test number.

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

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

4.13 Account Section:

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

Functions of Accounting Department:

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

a. **Day to day functions:** Here day-to-day function refers to the everyday tasks. Accounting department of MBL performs the following day to day functions:

- I. Recording of transaction in the cashbook, general and subsidiary ledger.
- II. Preparing the daily position of deposit and cash.

- III. Making the payment of the expense of the branch.
- IV. Recordings of inter branch fund transfer.
- V. Checking whether all the vouchers are correctly passed.
- VI. Recording the voucher in the voucher register.
- VII. Packing and maintains the total debit and total credit vouchers.

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

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

4.14 Clearing House

According through the 37(2) of Bangladesh Bank Order 1972, which are the member of the clearing house, are called as Scheduled Bank. The scheduled banks clear the cheques drawn upon one another through the clearinghouse. This is an arrangement by the central Bank where every day representative of the member banks gather to clear the cheques. Banks for credit of the proceeds to the customer's account accept cheques and other similar instruments. The banks receive many such instruments during the from account holders. The whole process of collection and payment would involve considerable labor, delay, risk and expenditure. All the labor, risk, delay and expenditure are substantially reduced by the representative of all the banks meeting at a specified time, for exchanging the instruments and arriving at the net position regarding receipt of payment.

The place where the banks meet and settle their dues is called the Clearinghouse. The Clearinghouse sits for two times a working day. The members submit the climbable cheque in

the respective desks of the banks and vice-versa. Consequently, the debit and credit entries are given. At the debit summation and the credit summation are calculated.

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

4.14.1 Outward Clearing Bills:

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

Procedure:

1. After filling the deposit in slip bearer of the instrument deposits the instrument to the respective officer.
2. Upon receiving the instrument, the respective officer checks the essential features of the instrument and whether the deposit in slip is filled accordingly or not.
3. Then (s) he crosses the instrument with a seal containing Banks and Branch's name, signs the deposit in slip and provides the customer with counter foil of the slip.
4. Then both the instrument and slip is sealed with 'Clearing' seal and date seal containing the date of clearing.
5. An endorsement seal is also sealed on the back of the instrument and the officer endorses it on behalf of MBL Mohakhali.
6. Then the officer separates the instrument from the deposit in slip. Deposit in slip is kept in the bank and the instrument is sent for clearing.
7. Non-IBC instruments are sent to the clearinghouse with two different forms. Both the forms contain almost similar information.
8. These instruments are sent to the clearinghouse by messenger.

4.14.2 Inward Clearing Bills:

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

If cheques are returned -

- Other branch sends an IBDA to Suaganj Bazar.

Procedure:

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

4.15 Cash Section

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

4.15.1 Cash Receipt

1. Firstly, depositor fills up the Deposit in Slip. There are three types of deposit in slip in this branch. One for Savings Account, one for Current Account and another for Term Deposit Account.
2. After filling the required deposit in slip form, depositor deposits the money.
3. Cash Officers receives the money at cash counter, count it, enter the amount of money in the scroll register kept at the counter, seal the deposit in slip and sign on it with date.

4. Then this slip is passed to another officer who enter the scroll number given by the cash counter in his/her register along with the amount of the money. Sign the slip and keep the bank's part of the slip. Other part is given to the depositor.
5. All deposits of Savings and Current account are maintained by one officer and other accounts by other officers.
6. Entries of both of these registers are cross checked with the register kept at the cash to See whether the transaction is correct or not.
7. At the end the officers count the money they received to check whether the amount matched with the total or not.

4.15.2 Cash Payment

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

8. At last, these scroll numbers of the registers will be compared to ensure the correctness of the entries.

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

4.16 Dispatch Section

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

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

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

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

The main objective of this section is –

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

Books Maintained:

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

Chapter 5

5.1 Findings

There are some findings according to my internship period. These are:

- The cash counter is congested.
- There are no IT officer in the branch which create problems sometimes.
- Sometimes there are some big parties come for opening an account with a high officials reference and they don't submit all the papers which is required for opening an account. I think, in this case the authority is violating the rules.
- Most of the time introducer is important for opening an account. If a person come to the locality as a very new person and they want to open an account, so it becomes a big problem for them to manage an introducer.

5.2 Recommendation

In my three months internship program in Mercantile Bank Ltd. Suaganj Bazar branch , I have worked in accounts opening section, local remittance section, collection section, cash section, clearing section. Each of this aspects has been described in my report which is all about General Banking Department. In this time period I gain some experience about MBL and I want to recommend something and those suggestions are:

- Bank should offer more facilities to the customers such as credit card, visa card, ATM machine etc.
- As the clients are not that much interested in introducing system, so the officer should consider them and introduce them in the time of account opening
- The bank should establish more ATM booth in whole Dhaka city as well as the other side of the country
- The bank should open more online services and other services for competing the market
- The bank should open strategic promotional program on their products
- The officers of the bank should have to arrange more training program on the upcoming update of the computer

5.3 Conclusion

The Mercantile Bank Ltd. has been trying to operate its business successfully in Bangladesh since 1999. Mercantile Bank Ltd. has already developed an image of goodwill among its client by offering its excellent services. This success has resulted from dedication, commitment, and dynamic leadership of its management over the period. The bank spreading its operation through all over the Bangladesh. At present the bank has 109 branches and it's trying to increase more branches all over the country. Banks are also offering SME loan for the economic development of the country.

References:

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4. Some previous report on MBL.