

**Internship Report on General Banking Activities of
UCBL**



Inspiring Excellence

INTERNSHIP REPORT ON

General Banking activities of UCBL

SUBMITTED TO:

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SUBMITTED BY

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Date Of Submission: 27/06/2016

Letter of Transmittals

1 March, 20016

Ms. Afsana Akhtar

Assistant Professor

BRAC Business School

BRAC University Bangladesh

Subject: Submission of Internship Report on “General banking activities of United Commercial Bank Limited”.

Dear Madam,

With due respect, I would like to notify you that, I am very much pleased and obliged to submit the internship report on ‘General banking activities of “**United Commercial Bank Limited**”’. I have given my utmost effort to make an effective report which will enhance my knowledge.

I have tried to make a comprehensive report within the period of time I was provided to prepare it. I am very much indebted to you for providing guidance during the preparation of this report. Any sort of suggestion regarding the report will be significantly acknowledged and I will be at ease if my report serves its purpose. During the preparation of the report, I have gathered lots of knowledge about the performance of banking operations of commercial consumer lending on first generation banks. I therefore, request you to accept this report and give me such suggestions.

Sincerely Yours,

Iqbal Parvez

Students ID: 11304017

Department: BRAC Business School.

BRAC University Bangladesh

Student Declaration

I am **Iqbal Parvez** hereby state that the presented report of internship titled “General Banking Activities of United Commercial Bank Limited”, is exclusively prepared and updated by me after completion of three months’ work in United Commercial Bank Limited, (Corporate Branch).

I solemnly conform that the report is entirely prepared for my academic requirement not for any other purpose.

Iqbal Parvez

Students ID: 11304017

Department: BRAC Business School.

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ACKNOWLEDGEMENT

As a part of my completion of Bachelor of Business Administration program, our department assigned me to prepare an internship report. My report is on the topic “**General Banking Activates of United Commercial Bank LTD**” Which is based on my 3-month internship experience in United Commercial Bank Limited, Corporate Branch.

I am very much indebted to my Supervisor **Ms. Afsana Akhtar** for giving me the valuable guidelines, suggestions and information for the report which helped me to prepare my report exclusively.

For helping me out there to prepare my report I want to express my thanks to all the employees of United Commercial Bank, Corporate Branch. I am also very much indebted to the co-operation and support that I received from the Operations Manager Ikramul Haque Bhuiyan. I would also like to thank. Md. Iqbal Ashraf (Senior Officer), and also Sumona Parvin (Executive Officer) of Corporate Branch for standing beside me to guide me throughout the period of internship.

EXECUTIVE SUMMERY

Now a days Modern Banking presents an extensive variety of economic services which includes credit, funds, and payment services. Establishing a good brand image of honesty to the shareholders is the vital characteristic of banking process. Internship program is an extensive process which helps a student to attain realistic understanding along with theoretical. Any Study which has no relation with on the job learning is actually not a learning at all and doesn't help to recognize genuine situation of business world. I have obtained a huge bunch of practical knowledge on General Banking procedures performed by UCBL Corporate Branch by getting chance to do internship here. As part of completing my graduation, I needed to complete a three-month period of Internship program. I decided to do my Internship at United Commercial Bank Ltd. At UCB I was consigned to do my intern in three different sections which includes general banking activities, cheque clearing and credit section. In General Banking activities I took the opportunity to learn about as much as possible while I was working on the division. As One of the first generation commercial banks in Bangladesh is UCBL it proudly provides expert banking services and contributes to both social and economic development of the country. Post initiation of business in 1983, it has been able to set up one of the biggest networks in the country having 158 branches in different districts and providing excellent and error free services to its customer. The first and foremost intention and planning of United Commercial Bank Limited is to play a primary role in the financial activities of the country. Through adapted service, inventive practices, vibrant advance and well-organized administration, it has made a distinct mark in the area of private banking division. Through an imaginative credit policy, it is also decisively occupied in the improvement of business, trade, and production. Since General Banking is the main point of discussion in this report that is why I mostly discussed its diagnosis and necessity. General banking operation includes general account's opening, requirements of opening accounts, schemes, rate of interest on deposit, cheque clearing and bills department sections, collection section, local remittance department and customer services.

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Chapter: 1

1.1 Introduction

To complete the academic requirement of BBA (Bachelor of Business Administration) students of BRAC Business School have to complete their internship to gather practical experience which will enable them to relate the bookish theory with the practical knowledge and help them to prepare a bridge between them by working professionally. Interns are generally placed according to their major subject. But I decided to take internship in United Commercial Bank despite being a student majoring in Marketing & Human Recourses only to apply my academic knowledge in an adverse environment. I started my internship in - United Commercial Bank on Corporate Branch, Dhaka from 1st March, 2016 and ended on 31st May, 2016. Throughout my internship Ms. Afsana Akhtar, Assistant Professor BRAC Business School was my academic supervisor and Sumona Parvin, Executive Officer was my field supervisor. A report on a particular topic is a mandatory part of the internship program to complete the internship program and as such I was authorized to make a report on the “The operations at general banking division of United Commercial Bank”.

1.2 Objectives Of The Report

General objective:

General objective is to prepare and submit an extensive report elaborating and explaining the procedures of “General Banking activities of United Commercial Bank Limited”.

To get a glimpse regarding the relationship between real life learning and theoretical learning of UCB ltd.

Specific objective:

To apply hypothetical knowledge in real-world field.

To critically and accurately observe the purposes of general banking.

Getting a broad and elaborate idea about how commercial bank works.

To understand entire branch banking procedures.

To gain practical experience that will help us in our practical life.

To understand how other departments of the branch function.

To know the strength and weakness of the bank.

To understand in which sector the bank is working with proper efficiency.

To find out the problems of the bank and suggesting the way to solve the problems.

To analyze the current performance and making future predictions.

1.3 Methodology of the Study

I have designed the methodology or the method in which way the data will be collected in the following way:

Data sources:

Primary data sources: Inspection in different desks, talking with employee's in The bank and organized and planned analysis are the Main resources.

Secondary data sources: Brochures and instructions of UCBL, different journal publications of

Bangladesh Bank and annual reports are the secondary data sources. Extensive and elaborate study of the existing files, convenient case clarifications, observation interview with the employee were done to identify the execution and control and monitoring process of the banking system.

1.4 Scope of the Study:

This report is entire based and prepared on my practical work experience while working at United Commercial Bank Limited. It will surely help the students to reduce the distinction between realistic and hypothetical knowledge and additionally it will also help them to clear the confusion between practical knowledge and theoretical knowledge. This report significantly helped me a lot to understand the atmosphere and environment of an organization. As I am an internee of UCBL, I have access to many different sectors like account opening, clearing, cheque division, pay order writing, accounts etc. It was near impossible task for me to learn everything about all banking sectors as it was a large financial sector with such a limited span of time.

1.5 Limitations of the Study:

It was a great opportunity for me to work at United Commercial Bank Limited during my internship period. As I was an internee at there, I got a big chance to know the actions and behaviours of banking system, especially UCBL. None the less I had to face some obstacles while doing this report. Some of them are given below:

Lack of Time: As there was only three months to complete the report, it was almost impossible to cover the performance of the such a huge bank in full swing, where a regular employee gets promoted after 1 or 2 year of his probationary period.

Inadequate data resources: All types of information were not available for access, so it was not possible to access and summarize them properly. Though I had assistance from other employees but it was not enough for me due to their high work pressure in the bank. Some assumptions were made due to limited information, so there may be some personal mistakes.

Lack of experience: It was my first time, doing a report on a banking system in a practical

corporate life, so my limited experience was one of the main obstacle I faced during the preparation of this report.

Privacy of Information: Every establishment has its secrecy that is not shared with everyone. So this confidentiality of information was proved as an obstacle which faced while preparing this report.

Background of United Commercial Bank Limited

1.6 Historical Background

Sponsored by some dynamic and reputed entrepreneurs and eminent industrialists of the country and also participated by the Government, UCB started its pioneer operation in mid-1983 and has since been able to establish the largest network of 158 branches as on 01.03.2015 among the first generation banks in the private sector. With its firm commitment to the economic development of the country, the Bank has already made a distinct mark in the realm of Private Sector Banking through personalized service, innovative practices, dynamic approach and efficient Management.

1.7 Products & Services (UCB):

UCB Multi-Millionaire	UCB Money Maximize	UCB DPS Plus	UCB Earning Plus
Western Union Money Transfer	SMS Banking Service	Online Service	Credit Card
SME Loans	Loan Syndication	Working Capital Finance	Trade Finance
Industrial Finance	Consumer Credit Scheme	One Stop Service	Locker Service
Time Deposit Scheme	Monthly Savings Scheme	Inward & Outward Remittances	Travelers Cheque
Deposit Insurance Scheme			

1.8 Operational Network: UCBL always places utmost importance on the client service.

Keeping the satisfaction of the customer in view the Bank continued its personalized approach in rendering improved and modernized services to treat the customer with utmost efficiency and fulfill the customer satisfaction which it has promised to the customer. Presently the number of branches stands at 158 covering almost all the important places of the country. All the branches are equipped with computers in addition to modern facilities, logistics and professional competent manpower. The numbers of authorized dealer branches are 21. Besides, international correspondent's network of the bank has also continued to expand keeping pace with time and requirement covering the important countries in all the continents of the world. Moreover, the Bank has arrangement with a number of Exchange Houses at Singapore, U.A.E, Oman, Qatar and Kuwait to facilitate remittance from expatriate Bangladeshi's.

Division	No. of Branches
Dhaka Division	64
Chittagong Division	45
Khulna Division	10
Sylhet Division	14
Barisal Division	08
Rajshahi Division	12
Rangpur Division	05
Total	158

Table 01: Number of Branches

1.9 Mission:

1. To provide a sustainable, high level of financial performance, while continuously enhancing shareholder value.
2. To build long-term customer relationships by offering a full range of financial products and services while adhering to the highest ethical standards and providing quality personalized service.
3. We value and reward both individual initiative and teamwork. We foster an environment in which our employees are proud and eager to work.
4. To offer financial solutions that create, manage and increase our clients' wealth while improving the quality of life in the communities we serve.

1.10 Vision:

To be the bank of first choice through maximizing value for our clients, shareholders & employees and contributing to the national economy with social commitments.

1.11 Description of the Job:

During the period of internship, the specific role of the intern is to supervise and ensure error free service, customer satisfaction and to ensure an understanding of the specific section he/she is assigned to. Since I was allocated in general banking section of UCBL I was authorized to undergo the following section of general banking and understand them accurately.

1.12 Specific responsibilities of the job:

The specific responsibilities of the job included understanding of the following segments. They are given here. 1. Cash management 2. Account Opening Procedure 3. Bills & Remittance. They are described below-

1. Cash Management:
 - a. Procedure of cash receipt and payment
 - b. Cash insurance
 - c. Maintenance of cash-in-vault
 - d. Maintenance of cash remittance

2. Account Opening Procedure
 - a. Concept of liability of a bank
 - b. Concept of corporate banking, retail banking
 - c. Know Your Customer and its application & utility
 - d. Concept of money laundering
 - e. Current individual A/C
 - f. Current proprietary A/C
 - g. Limited companies A/C
 - h. Partnership firms A/C
 - i. Trust A/C
 - j. Consortium A/C

- k. Savings Bank's A/C (Individual & Joint)
 - l. Cheque issuing formalities
 - m. Maintenance of Account opening forms
3. Bills & Remittance:
- a. Issuance of Pay Order, Demand Draft, Pay slip, Security Deposit Receipt
 - b. Issuance of Telegraph Transfer.
 - c. Encashment procedure of TT, DD, FFT, FDD etc.
 - d. Crossing and Endorsement of Cheques.
 - e. Inward & outward clearing
 - f. Issuance of Duplicate DD(s), SDR and other instruments cancellation procedure.

1.13 Different aspects of job performances:

1. Task oriented & centred attitude:

One of the main aspect of the job performances was to be devoted towards the work and follow the instruction provided and also show the dedicated attitude towards the job.

2. Communication between the employee of the organization:

Another aspect of the job included developing and maintaining communication between the employees of different segments to perform the companies' activities accurately and avoid any kinds of misunderstanding due to communication gap.

3. Providing dedicated efforts towards the job:

Providing dedicated efforts to perform the job accurately without doing any mistakes and providing the customer with utmost satisfaction and holding the brand value and image.

4. Display of personal discipline:

Maintaining personal discipline in the bank premises and with the employees and customer in order to maintain the goodwill of the bank and corporate image was another vital aspect that was included in the aspect of job performanes.

Description Of The Project:

1.14 Objectives of the Report

The entire objective of preparing the report is to gather practical knowledge regarding any business organization and its operations and to be able to relate them with the academic knowledge. Theoretical lectures and courses of Bachelor of Business Administration program provides us ample knowledge regarding several organizations theories and models where completing internship program in any organization gives us the chance to view those systems and their operations in practice. However, besides the above mentioned objective we can identify the objectives of this report as follows:

1. To understand the environment, functions and management of the Organization for my case it is UCBL Bank.
2. To provide quick and superior service by applying modern information technology.
3. To narrate the working experience while working at UCBL.
4. To improve congenial relationship between the Bank and the customers.
5. To ensure the improvement of professional quality of man power by increasing the work efficiency and technological knowledge.
6. To relate theoretical knowledge in the practical filed in order to formulate a problem to work on.
7. To be able to identify and analyze the problem.
8. To learn about banking more practically and accurately rather than knowing from only the books.

1.15 Methodology:

The method that was adapted during the preparation of the report is entirely unique from many reports. I have mainly emphasized on the hands-on observation. The entire report mainly consists of my hands-on observation which I observed during the period of my internship at United Commercial Bank Limited rather than only emphasizing on the bookish knowledge. While

preparing the entire report of my internship on United Commercial Bank Limited, I mainly have taken information from two sources:

- **Primary Sources:** Primary sources include interviews and conversation with officers and executives of the bank of different divisions and departments.
- **Secondary Sources:** Secondary sources of information include annual report, internet, general report, investment manual, general banking manual, foreign exchange manual, Banking related Books, selected books journals and other publications etc.

1.16 Limitations:

During the preparation of my internship report I faced a few limitations which hindered me in preparing the report. The limitations are briefly pointed out below:

1. Time was the first limitation as the duration of the program was of only three.
2. Another limitation of this report is that due to bank policy Bank is not allowed to disclose some data and information, which could be very much useful.
3. The data that seems insufficient may be suffering from lack of reliability to some extent.
4. Supply of more practical and contemporary data is another shortcoming.
5. The study was done very minute but the information may seem a bit disorganized due to inexperience.

Chapter: 2

2.1 Importance of Commercial Banking

The Banking sector indeed is one of the vital and most important pillars of economic prosperity. If we look in the economic history then we will be provided with some starting information regarding how bank provides financial support for imperialist ventures. As time passed on banks have formed an important part in providing an absolutely trustworthy ground for both savings and investments. Land, labor, capital and entrepreneurs are the basic economic resources available to business. However, to ensure the proper and accurate use of these resources a business requires finance or capital to purchase of the land, hire labor, pay for capital goods and pay for individuals with specialized skills. Commercial banks play a pivotal role in the economy both at a national and global level. The significance of commercial banks implies the fact that they serve as a trusted and safe place where the money, capita resources of people and businesses can be kept on their behalf. On the other hand, in the international level, commercial banks serve as a source for transferring money from one country to another reducing the risk of carrying huge amount of money. The money paid by depositors into their savings accounts is also used by the banks to foster economic growth

Another importance of commercial banks is the fact that they keep both people and their money safe through the services they provide. Since the banks make it unnecessary to keep large sums of money in the home or office by providing a safe alternative, people can rest easier knowing that their money is safe. Something else that contributes to the importance of commercial banks is the fact that the money held on behalf of customers in the form of savings deposits cannot be categorized as idle money. This is because that money also earns something for the depositor in the form.

Chapter: 3

3. General Banking:

Day to day transaction of banking system is the main operation and is generally executed by general banking sector. It has to meet the customers demand for cash and to receive investment from them. It has various operations and that includes opening new accounts, forwards customer's money from one place to another through issuing bank draft, pay order, endorsement, inward and outward cheque clearing. It is also known as Retail Banking. In

UCBL, Corporate Branch, departments under general banking section are:

- 1) Deposit section
- 2) Account Opening section
- 3) Credit section
- 4) Remittance section
- 5) Accounts section
- 6) Clearing section
- 7) Other Customer Service section

3.1 Deposit:

The deposit of the Bank registered an increase in the year under review. At the close of 2015, total deposits stood at Tk 23,858 million against Tk 21,107 million in the previous year. The deposit comprised Tk 5,882 as demand and Tk 19,787 million as time deposit. Out of the total deposits. Tk 21,557 million was mobilized from the private sector whiles the balance Tk 3202 million from public sector.

Credit:

The bank continued its involvements in different credit programmer for financing new industrial projects, and. consequently total credit rose to Tk 20,195 million in 2016. The credit deposit ratio stood at 0.83:1. Sector wise credit during the year was as follows: -

Sector	Taka in million
Agriculture & Fishery	421
Industry	2,758
Real Estate	862
Transport	96
Whole sale/ retail	5,710
Import	5,560
Export	825
Others	3,963
TOTAL	20,195

Table 02: Credit

Investment:

At the end of 2015, total investment of the bank was audited at Tk 4,577 million against Tk 3,527 million in 2013. Income of Tk 8 million has been earned from dividend of different companies during the year mentioned in the report.

Treasury Operations:

Money market operation, foreign Exchange dealings, Assets liability management and other fixed income product constitute the functions of treasury. Maintenance of Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) is one of the major functions of treasury. Treasury department of the bank has been actively participating in local money market. The bank investment in treasury bills and other security was Tk 2,625 million during the year. An amount of Tk 1,670 million was placed at call and short notice as of end 2011. The treasury operation contributed 17.22% in the total income.

Foreign Trade:

During the year 2015, in the bank opened 14.740 letters of credit for import amounting to Tk 29.408 million compared to 12.386 million in 2011. The volume of export bills handled by the bank in 2015 was Tk 14.785 million compared to Tk 10.470 million in Tk 2011.

3.2 Account Opening:

Responsibility of the customer service starts with opening of new account for the new customer. By opening an account, a relationship, I developed between the bank and the customers and the bank promises it's customer to avail the facilities provided by the bank.

Types of Account:

UCBL has several types of deposits for its customers.

Savings Bank Account:

This is an interest bearing account and only individual person can open this type of accounts providing necessary documents.

Current Deposit (CD) Account:

It is popular known as Current Account. Any individual, company, firm, may open this type of account in its own name. This is non-interest bearing account which implies that no interest will be provide in this account.

Short Term Deposit (STD) Account:

This is opened and operated for short term and for specific purpose. It is also an interest bearing account but rate of interest is generally below the savings rate.

Double Benefit Deposit Scheme:

- The deposit scheme shall be issued for 7.5 years' term
- After 7.5 years' terminal value will stand at Tk. 2 lacs from the initial fixed deposit of Tk. 1 lac
- Minimum deposit is Tk. 25,000/- and multiples thereof but maximum limit is Tk. 25.00 lac at a time will be acceptable under this scheme

Monthly Benefit Deposit Scheme:

- This is a Deposit Scheme where the depositor gets a fixed amount of profit every month apart from the principal amount of the money.
- Deposit of Tk. 25,000.00 and multiples thereof shall be acceptable for the Scheme
- Profit is usually paid on monthly basis @ Tk. 912.00 per Tk. 100,000.00
- Normally the Deposit needs to be paid for a period of 5 (five) years. The Principal amount is refundable on maturity.

UCBL Millionaire Scheme:

- Monthly payments shall be Tk. 12,465.00 /Tk. 7,890.00 /Tk. 4,570.00 for the tenor of 5/7/10 years respectively
- Terminal amount on maturity shall be Tk. 10.00 lac

3.3 Fixed Deposit Receipt (FDR) Account:

Individuals, Firms, Companies, Associations can open this account at any time. The deposit is taken for a specific fixed period of time, such as 1 month, 3 months, 6 months, 1-year etc.

Fixed Deposit Accounts:

Contrasting to 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 payment against this instrument with interest is normally be made to the depositor on maturity.

Fixed deposit account can be opened in the name of:

Individual (Single).

Two or more persons (Joint).

Sole Proprietorship Concern.

Partnership concern (Firm).

Limited Companies (Both Public and Private).

Society / Club / Association / Local Bodies / Govt. / Semi Govt. Organization etc.

Opening of Fixed Deposit A/C:

Any Bangladeshi Citizen and organizations incorporated and operating in Bangladesh who are not declared as insolvent by any Court of Law of the land can open Fixed Deposits Account for fixed period of time with any amount but not less than BDT 10,000 (Ten thousand).

FDR Rates:

Period	Interest Rate for Any Amount
1 Month FDR	3.50%
3 Months to 6 Months FDR	6.00%
Above 6 Months to 1 year	6.00%

Table 03: Interest rate offered against FDR

3.4 Formalities for Opening a New Account:

For opening any new account, the following things are required:

Application on the prescribed form

Introduction of the applicant

Signature of the applicant

Two copies of passport size recent photograph with attested by the introducer.

At first it is asked to the customer who is opening the account that whether the customer has introducer to open the account or not? If yes then give him/her a printed Account opening Form along with Applicant's Signature Card, Customer Transaction Profile Form and Information form

on Money Laundering. After that, request customer to fill up the form duly and submit the form with required documents

Required Documents:

1. Personal Account:

- Two Copies of Passport size photographs of the applicant attested by the Introducer and one copy passport size photograph of the Nominee which is required to be attested by the applicant.
- Copy of passport/National Identity Card/ Voter ID Card/ Certification from Ward Commissioner or Union Parishad.
- Details of occupation and sources of wealth or income.
- Utility bill copy/ Telephone bill copy/ House rent receipt.

2. Current Proprietary:

- Same as the documents required to open personal account but additionally Trade License & Proprietorship seal is needed.

3. Partnership Account:

- Same as personal account plus Trade License and Partnership deed between the partners to ensure the authenticity of the partnership.

4. Limited Company:

- Certificate of Incorporation.
- Memorandum and Articles of Association.
- Resolution of the Board of directors.
- Company seal.
- Company Tin certificate.

3.5 Maintenance of Account Opening Form:

Account opening form is kept in KOF cabinet according to the account & account number. Signature should be retained in card cabinet arranged in account number order. The key of the cabinet is to be held by an authorized officer.

Closing an Account:

When a customer wants to close his account in the bank he has to follow the following procedure:

- The client writes a written application stating the urge to close the account.
- She/he is required to surrender the unused checkbook.
- The bank takes charge closing fee TK. 230 for SB A/C & TK. 345.for CD A/C.
- The rest amount is given to the customer in the form of PO/DD/CASH.
- Closed rubber stamp uses top of the respective account opening form.

Issuance A New Cheque Book:

A Cheque book contains a number of cheques, which is given to a customer receiving a written request from the customers and after receiving the payment for the cheque book. It enables a customer to make withdrawal from his account or make payment by issuance of cheques.

All the account opening formalities must be completed before the issuance of cheque book. Particulars of the cheque book requisition should be completed containing title of account, account number, number of leaves and signature of the customer. Signature of the customer is verified on the requisition. If customer is unable to collect his cheque book, then he can give authority to the third person to collect his cheque book on his behalf by signing on the back of the requisition.

Pay Order (PO):

Payment order is meant for making payment of the bankers own of the customer's dues locally. In a sense, the payment order is used for making a remittance the local creditors.

Issuance of Pay Order:

- The customer needs to fill up PO application form.
- Money should be received by cash or by debiting clients account.
- Necessary information needs to be entered in the Pay Order register where payee's name, date, PO no, etc.
- Printed payment order leaf should be filled and signed by two authorized officers (PA holder Officer)
- Entry should be given in computer under supervision of authorized officers.
- After scrutinizing and approval of the instrument by the authority, it is delivered to customer.
- Signature of customer is taken on the counterpart.

Demand Draft (DD):

A bank draft is an order to pay money drawn by one office of the bank on other office up on other office of the same bank for a sum of money payable to order on demand. A bank draft is an order by one branch to another branch of the same bank outside the clearing zone.

Issuance Of Demand Draft:

The procedure of issuing a Demand Draft is same as of Pay order.

Issuance Of Duplicate PO/DD:

If the customer wants to issue a duplicate DD, then customer is asked to do the following formalities:

- Making a general diary (GD) in the nearest Police Station.
- Furnishing an Indemnity Bond in Tk.50/= stamp.

The banker immediately marks “Stop Payment” in the register after receiving the application from the customer and a duplicate PO/DD is issued.

Telegraph Transfer (TT):

Sometimes the remitter of the fund requires the money to be available to the payee immediately. In such case, the banker is requested by him to remit the funds telegraphically. Here fund is transferred through the aid of Test Key Materials and SWIFT. TT can be both foreign and local. On received of TT message test number should be checked immediately. Then voucher to be passed through register duly authenticated by officials.

Crossing of Cheques and Endorsement:

Cheque is a negotiable instrument. Cheques can be of two types: -

- Open or Uncrossed Cheque.
- Crossed Cheque.

Open Cheque:

An open cheque is a cheque which is payable at the counter of the drawer.

Crossed Cheque:

A crossed cheque is a cheque which is payable only through a collecting banker and not directly at the counter of the bank. There are two modes of crossing- General Crossing and Special Crossing.

Endorsement:

Endorsement is an essential part of day to day work in Bank. A cheque requires varieties of endorsement like-

- Branch Name
- Account Number
- Signature Verification etc.

3.6 Clearing:

The function of clearing department can be divided into two parts:

- Outward Clearing
- Inward Clearing

Outward Clearing:

- Messengers of different branches bring instruments drawn on other Banks to the clearing section of Head Office.
- Bills section of UCBL Head Office also sends the instruments drawn on other Banks to the clearing section for collection.
- The clearing stamps are affixed on the instruments and endorsed.

- The particulars of these instruments are entered in the main schedule of Banks through NHCASH22 software and inserted in floppy disc.
- The diskettes along with the instruments are carried to the Clearing House.
- After going there, the concerned officials of UCBL gives the instruments to the representative of respective Banks.
- Claims of UCBL on other Banks are set off by Bangladesh Bank through debiting other Bank's account and crediting UCBL's account.
- This function is done in the first house.

Inward Clearing:

- The instruments drawn on UCBL are received from other Banks in the Clearing house.
- The amount and numbers of instrument are entered in the house from main schedule of respective Banks.
- The instruments with schedule are arranged branch-wise.
- The instruments are sent to the branches concerned for clearance and IBCAs are collected from them for honored cheques.
- The dishonored instruments are sent back to respective Banks through the second house.

3.7 Collection of Cheques and Bills:

For collection of cheques and bills the bank follows two systems:

Loan Schemes Offered by UCB:

United Commercial Bank Limited offers different types of loan scheme for its clients. The following sections will define different types of loan schemes under four main categories these are general loan and advance, import loan and advance, export loan and advance. UCBL allows general credits to individuals/firms/companies to help their business in the following categories:

Cash Credit (CC):

Cash credit is the favorite mode of loaning money from the bank by traders, industrialists, agriculturists etc. for their working capital requirements. This type of facility is usually against pledge of goods, produce and merchandise. It is opened like overdraft account. Depending on the needs of business, the borrower can draw on his cash credit account at different time and when he gets money can adjust the liability. UCB charges interest on the daily balance in the account. Depending on the charging security, there are two types cash credit one is CC (Hypothecation) and another is CC (Pledge).

Cash Credit (Hypothecation)

This type of credit is allowed to the traders and industrial borrowers for promoting trade and commerce and industries. It is the bank that sanctions a short-term arrangement by which a customer is allowed to borrow money up to a certain limit for a certain time. In a manufacturing company, whose stocks of raw materials and manufactured goods constantly fluctuate, it is difficult for the bank to control such changes; so hypothecation facilities are allowed to them. In this case, ownership and possession of the goods remain with the borrower though by virtue of the hypothecation agreement, the bank can take possession of the goods if the borrower defaults.

Cash Credit (Pledge)

This credit is allowed for promoting trade, commerce and industries of the country against pledge of stock in trade under Bank's control. It is also a continuous loan allowed against pledge of goods as primary securities fall under this head of advance. It is a separate account by itself and is maintained in a separate ledger. In addition, goods ledger, go-down registers, go-down key register, go-down index card, etc. are also maintained. Deliveries of goods are made on the strength of delivery order issued by the banks and, goods are received through goods chalan deposited by borrower. It is operated upon like an overdraft account.

SOD (FO):

This credit is allowed against Financial Obligation (FO) like lien of FDR, Government Securities, and company's stock etc. for promotion of economic and business activities. The most important guiding line that is to be kept in mind in case of allowing advances against such securities are that the certificates must be transferred in the name of bank and the same will be re-transferred in the name of the borrower after the advances are fully and finally liquidated. To this end the manager of the specific bank should ensure that the certificates have been issued in the name of borrower/guarantor and the other identification requirements are original. Bank's lien must be marked with issuing office of the certificates and a written confirmation must be obtained. In case of companies share manager should ensure that the share of the particular company is quoted in the stock Exchange.

SOD (General):

Generally, it is allowed to the traders for business promotion and economic activities. Usually these loans are given against different work orders and supply orders. The purpose of loan should be specific. Risk element in such financing is more than any other mode of financing. The work/supply order must be issued/ allotted to the contractor by a government department, corporation/autonomous body against allocated and available fund. The genuineness of the work/supply order must be verified to the best possible satisfaction of the manager. Certificate of availability of fund for payment of bill under the concerned work/supply order and how he accomplished the task should be attached with the credit proposal of SOD (General).

Bank Guarantee:

Issuance of Bank Guarantee on behalf of client is a common banking service rendered by commercial bank. Guarantees are expressed commitment to compensate any financial loss faced by the beneficiary of the guarantee. It may sustain when the party named in the guarantee, on whose account the guarantee is issued, fails to perform the contract. It is such, a contingent or

anticipated financial liability but charges interest on it as like as other loans and advances. In keeping with the ever increasing business need of its clients Bank may require to issue guarantee against payment, in the shape of bid bond, performance bond and investment bank guarantee. Normally UCBL issues guarantee for a period not exceeding one year at different percentage of margin and security determined on the basis of banker customer relationship and the nature of liability undertaken.

3.8 Other Services

Some Popular Loan Product Offered By UCBL:

UCBL provide different type of loan facility for its clients on the basis of the client's demand. Mostly used loans and advance by the customers are as follow:

- Import Loan Pledge
- Transport (Auto) loan
- General Loan/Time Loan
- Staff House Building Loan
- General Housing
- Loan Against Foreign Bill Purchased
- Loan Against Trust Receipt (LTR)
- Exporters Development Fund & Packing Credit
- Education Loan
- Working Capital Loan
- Any Purpose Loan
- Auto Loan
- Marriage Loan

Chapter: 4

Performance Analysis of UCBL Though Ratio

4.1 CURRENT RATIO

This ratio is calculated by dividing the total current assets of an institution by its total current liabilities. It shows how any institution like UCBL meets its current liabilities through its current assets.

Current Ratio = Current Assets / Current Liabilities

Current Ratio =	2014	2013	2012
Current Assets /			
Current Liabilities			
Year			
Current Assets /	122,522,618,228 /	81,351,624,698 /	62,662,217,525 /
Current Liabilities	33,810,147,947	32,714,309,586	17,874,258,349
Result	3.62	2.48	3.50

CURRENT RATIO

According to result the current ratio of UCBL was 3.62 in 2014, 2.48 in 2013 and 3.50 in 2012. In 2014 the current ratio was 3.62 which mean UCBL had 3.62 taka of currents assets against 1 taka of short term debt or liability. It means UCBL had the ability to pay off its current liabilities with its current assets. In 2013 the current ratio was 2.48 which was a little than 2014 which means in

2013 UCBL invested less in short term assets. On the other hand, in 2012 the current ratio was 3.50 which mean UCBL investment in current assets was lower than 2014 but higher than 2013. In fact, the higher the current ratio is better for the institution because this higher ratio helps to prevent getting default.

4.2 LEVERAGE RATIOS

Leverage ratios are used to calculate the financial leverage of an organization. It helps to get a specific idea of the institution's methods of financing. There are several types of ratios which main factors are debt, equity, assets and interest expenses.

LONG-TERM DEBT TO EQUITY RATIO

Long term debt to equity ratio is one of the financial leverage ratios which are used in banking sectors to know the link between the long term debt and equity. The ratio is calculated by taking the institution's long-term debt and dividing it by the total value of its equity.

Long-term Debt to Equity Ratio = Long-term Debt / Total Equity

term Debt to Equity Ratio = Long-term Debt / Total Equity	2014	2013	2012
Year			
Long-term Debt / Total Equity	86,139,549,448 / 6,716,371,892	53,068,002,282 / 5,605,366,865	44,545,342,790 / 4,748,134,199
Result	12.82	9.46	9.38

LONG-TERM DEBT TO EQUITY RATIO

This ratio measures UCBL's long-term sources of fund. Here from this figures it is noticed that most of the UCBL's long term sources of fund come through the long term liability. In 2014 this leverage ratio was 12.82 which mean UCBL long term funds come from depositors' deposits rather than the stockholders 'equity. On the other hand, in 2013 and 2012 the Long-term Debt to Equity Ratio was respectively 9.03 and 9.73 which was less than 2014.

TOTAL DEBT TO EQUITY RATIO

It is one of the banking financial leverage which is calculated by dividing its total liabilities by stockholders' equity. It mainly indicates the proportion of equity and debt that a bank is using to finance its assets.

Total Debt to Equity Ratio = Total Debt / Total Equity

Year	2014	20013	2012
Total Debt / Total Equity	125,069,742,305 / 7,716,361,782/	85,668,225,068 / 5,405,455,675/	62,409,602,358 / 4,284,127,099/
Result	16.20	15.84	14.56

TOTAL DEBT TO EQUITY RATIO

Like all others bank UCBL's most of the fund are collected from deposits. In year 2014, 2013 and 2012 the ratio was 16.20, 15.84 and 14.56 consequently. The result shows that in 2014, 2013 and 2012 UCBL financed most of its assets through the debt which means through deposits. As a result, the bank is doing well by increasing its deposits over years like 2014 and 2013. This higher outcome not only has increased the risk but also has increased the profit of the bank.

TOTAL DEBT TO TOTAL ASSET RATIO

Total debt to total asset ratio measures a bank's financial risk. It determines how much of the bank's assets have been financed by the debt. It is calculated by total debt dividing by the institution's total assets.

Total Debt to Total Asset Ratio = Total Debt / Total Asset

Year	2014	2013	2012
Total Debt / Total Asset	125,069,742,305/ 128,752,214,247/	85,668,225,068/ 88,382,871,843/	62,409,602,358 / 64,974,663,387/
Result	97.13%	96.92%	96.05%

TOTAL DEBT TO TOTAL ASSET RATIO

Almost all of the UCBL's assets are financed by its debt. It works by taking the deposits from the general and invest it in different sectors. From the year 2012 to 2014 the ratios were 97.13%, 96.92% and 96.05% which are almost same. The higher ratio may increase more risk because if UCBL defaults in any investment than the depositors will also default.

PROFITABILITY RATIOS

Profitability Ratios measure the overall earnings performance of an institution and its efficiency in utilizing assets, liabilities and equity.

NET PROFIT MARGIN

Net Profit Margin is a ratio of profitability which is calculated by dividing the net profit after taxation by revenues or net interest income. It measures how much UCBL's is actually earning from its every taka of revenue.

Net Profit Margin = Net Profit after Taxation / Net interest Income

Net Profit Margin	2014	2013	2012
= Net Profit after Taxation / Net interest Income			
Year			
Net Profit after Taxation / Net interest Income	2,081,455,325/	922,797,980/	744,732,570/
	3,745,160,138/	2,571,046,670/	2,108,327,966/
Result	55.57%	35.89%	35.32%

NET PROFIT MARGIN

The greater the outcome the better the UCBL's performance is. In 2014 the result was 56.88% that means in 100 taka of net interest income UCBL's net profit was 56.88 taka. On the other hand, in 2013 and 2012 the net profit was taka 35.65 and 38.07 against 100 taka of net interest. Between the years in 2014 the bank had a handsome profit margin in percentages and oppositely in 2012 UCBL net profit margin was better than the year 2013.

RETURN ON EQUITY

Return on equity measures a bank's profitability which calculates how much net profit that bank may generate with the money that shareholders have invested as equity.

Return on Equity = Net Profit after Taxation / Equity

Year	2014	2013	2012
Net Profit after Taxation / Equity	2,381,435,325	932,897,890	764,745,570
	7,716,971,792	4,905,966,765	4,084,743,099
Result	30.85%	22.97%	18.72%

RETURN ON EQUITY

ROE is a very popular ratio toward the shareholders of any bank. After doing the analysis from UCBL's financial statements it shows that in years 2014, 2013, and 2012 the return from 100 taka invested by the shareholders was respectively 30.85, 22.97 and 18.72. It is to be remembered that in case of ROE the higher the percentage the higher is the profit for the bank as well as for shareholders.

4.3 MARKET VALUE RATIOS:

Market value ratios relate the observable market values like the stock price with the book values obtained from the firm's financial statements.

PRICE EARNINGS RATIO

Price earnings ratio shows how much an investor is willing to pay per taka of reported profit. It is calculated by dividing the stock price per share by the earnings per share (EPS).

Price Earnings Ratio = Stock Price per Share / Earnings per Share (EPS)

Year	2014	2013	2012
Stock Price Per Share / Earnings Per Share (EPS)	236.90	42.84	633
Result	36.44 Times	12.56 Times	14.15 Times

PRICE EARNINGS RATIO

This ratio outcome shows the UCBL's higher growth prospects. According to the UCBL's P/E ratio in year 2014 and investor wants to invest 36.44 times for 1-taka profit. In the year 2013 the P/E ratio was lower which was 12.56 times that means it had a poor growth rate. On the other hand, the year 2012 had a better P/E ratio than the year 2013 which was 14.15 times.

4.4 OTHER IMPORTANT RATIOS FOR BANKS

There are some ratios which indicate that the bank's solvency and long-term performance.

LOAN TO ASSET RATIO

It is calculated by dividing the amount of loans by the amount of total assets at a bank.

Loan to Asset Ratio = Total Loans/Total Asset

Year	2014	2013	2012
Total Loans / Total Assets	95,360,400,350	65,682,245,045	47,346,128,000
Result	75.21%	70.18%	66.69%

Loan to Asset Ratio

In year 2012, 2013 and 2014 UCBL's loan to total asset ratio was respectively 66.69%, 70.18%, and 75.21%. The higher the ratio the more risk the bank has. These higher loans to assets ratios mean that the bank has 66.69%, 70.18%, and 75.21% of loan and advance in the assets part of financial statements of 2012, 2013 and 2014. As bank's main business is interest earning so the larger percentages of this ratio brings more revenue to the bank. However, 2014 incurred more revenue than other years, but with that high amount of revenue it also brought higher risk for the bank also

Recommendation

Recommendation

- The bank should emphasize more on advertising about their services and facility for the clients. Which will help them to reach more number of customer and give the customer a wide range of option hence they should promote their services more by advertising.
- The entire department should be well informed regarding their goals and objectives. It is essential to execute company objectives into individual target. It is so because if the employees of the Bank have the idea about their main target it becomes easier for them to reach their target goal.
- The bank should promote themselves more at TV Channel. So that they the existing as well as the potential customer get to know about your product offerings. TV commercial is one of the most effective medium of advertising. It's an easiest way to promote your brand in mass population. But regrettably it is observed that UCB does not use that much TV commercials like other Banks.
- To meet high rising demand of today's customer; the bank should introduce Mobile banking system. Technology changing day by day like bKash first lunching mobile banking system and most of the Bank lunch their own mobile banking system. So to cope up with the modern trend UCB should lunch their mobile banking system as early as possible.
- Establish more ATM Booth & maintain the existing ATM booth will help the customer to get excellent services and retain them. In Bangladesh Dutch Bangla Bank, Standard Chartered Bank and Brac Bank have more ATM booth in comparison with UCB. So UCB should establish sufficient booths to maintain their work effectiveness and reach The customers with excellent services.
- Bank participate some social activities and we hope bank can increase this benefit to its clients and employee. Recently they sold Asia Cup match tickets but they confined the

selling of tickets only to Mirpur branch. Next time they should sell the tickets from more branches so it becomes available to the people.

- The retail department of UCB is needed to be effective and well enough to manage actual and potential customer. In UCB Corporate Branch there are less effective officers in retail division, Retail division is very essential for pull new customers. So UCB bank should trail their retail officers properly.

Conclusion

Conclusion

UCB is today's one of the leading private banks in our country. After the establishment it brought lots of new product and services for its clients and progressing with high efficiency.

Providing credit to clients is a core business of UCB. It is also the pioneer in offering world class credit/loan facilities for the people of Bangladesh. It has 158 branches in urban, suburbs and rural areas in the country. Now a days banking sectors is no more dependent on only on a traditional method of banking. In this competitive world banking sector has expanded its services wide enough to cover any kind of financial services. In regard of competition now every bank face huge completion and they are not only from the local banks but international banks also. The major tasks of banks for banks to survive in this competitive environment are by managing its assets and liabilities in an efficient way so that the bank can earn maximum revenue, profit while minimizing the risk. To earn the assets especially from loan and advances banks must be very much cautious wile dealing with loans and advances otherwise these assets will become a burden for the bank.

Conclusion

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