



An Internship report on  
General Banking Division  
of.....

**JAMUNA BANK LTD**



**Jamuna Bank Limited**  
your partner for growth



***An Internship Report On  
General Banking Division***

***Of***

**Jamuna Bank Ltd**

**Submitted By.....**

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**BRAC business school**

**Submitted to.....**

**Syeda Rownak Afza**

**Senior Lecturer**

**BRAC Business School**

**Date of Submission.....**

**27<sup>th</sup> December, 2009**

# ***Letter of Transmittal***

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**27<sup>th</sup> December, 2009**

**Syeda Rownak Afza**

**Senior Lecturer**

**Brac Business School**

**BRAC University.**

**Dear Madam,**

**I have completed my 12-week internship period at Jamuna Bank Ltd (Dilkusha Branch) and would like to submit my internship report as per your specifications. I would also like to draw your kind attention to the fact that I have tried my level best to gather and organize all the information needed for this particular report, and in doing so have tried my utmost to live up to your standards.**

**May I, therefore, wish and hope that you would be gracious enough to accept my effort and oblige thereby.**

**Yours sincerely,**

**MD Anower Parvez | 05304097 | \_\_\_\_\_**

# *Acknowledgement*

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I would like to express my gratitude to Mr. Harunur Rashid Chowdhury, First Executive Officer for his valuable guidance. His interest, enthusiasm in my subject material has helped us to produce a respectable result. I would like to thank him for co-operating for giving us necessary information on how I would work in this project.

I am obliged to express my thanks to Mr. Tanvir Rahman, Probationary Officer, Mr. Hadiujjaman, First Executive officer of Jamuna Bank (Dilkusha Branch) Ltd for giving me the valuable information about their organization.

Finally, I would like to thank the following people Mr. Samsul Arefin, Executive Vice President for his support and engagement during the tenure of my internship.

## *Executive Summary*

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Jamuna Bank Ltd is one of the most well known private in our country. It undertakes all type of banking transactions to support the development of trade and commerce in the country. Above all of their service they go through their objectives such as earning and maintaining CAMEL rating strong, establishing relationship banking, introducing fully automated systems, ensuring an adequate rate of return on investment, maintaining adequate liquidity to meet maturity obligations, pursuing an effective system of Management by transparency and accountability at all levels.

As a part of fulfilling their objectives through their customer JBL offers the following accounts: Current Deposits, Savings Bank Deposits, Fixed Deposits, Short Term Deposits, Monthly Term Deposits, Any other deposits as may be approved/ advised by Head Office.

In General Banking, Clearing department receives cheques, DD, P.O. etc from depositors attached with a deposit slip.

The branches of the bank operate as independent accounting unit. They submit statement of affairs and other prescribed returns direct to Head Office where these are consolidated in the form of a statement showing assets and liabilities of whole Bank as at the close of business on Thursday and at the last working day of each month.

The system of transactions of the bank is essentially double entry system of book keeping. But for quick and accurate recording as well as for arriving at daily financial position specialized form of double entry system book keeping, named slip system under self-balancing method is followed by the bank. The golden principle of debiting or crediting is the same as those of double entry system. In the bank, instead of recording transactions in a journal initially, these are directly recorded and posted in the ledger (computer) separating the debits and credits by slips or voucher system.

Foreign exchange is an important department of Jamuna Bank Limited, which deals with import, export and foreign remittances. It bridges between importers and exporters. This department is playing an important role in enhancing export earnings, which aids economic growth and in turn it helps for the economic development. On the other hand, it also helps to meet those goods and service, which are most demandable and not adequate in our country.

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## *Introduction*

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### Origin of the Report

One of the most important factors for industrialization and economic development of a country is the availability of the credit facility. The continuing crisis of accumulation of non-performing and default banking loans has emerged as most of the serious constraint in the path of economic development of Bangladesh as banking remains the main intermediary vehicles in harnessing capital for accelerating the growth of the productive sectors in Bangladesh in the absence of a healthy capital market. But providing loans without proper appraisal are even more dangerous as the depositors are put into great risk of losing their money and at the end, the crisis might go beyond overcome. So, I think it is very important to gather the technical know-how regarding the critical analysis of credit approval procedure practiced by the Jamuna bank Ltd. by preparing this report.

This internship report on Jamuna Bank Limited is prepared to fulfill the partial requirement of the internship program as full credit subject of the BBA program of The University.

In Bangladesh today financial sector is one of the most established areas in the macroeconomic sector. Economy and finance is carrier of the country. So for the aspects of economic development, banking sector must be reformed. In the process of forming a good economic system, private banks are paling an important role compare to the government banks in the country. For this reason I prepared my internship report on **Jamuna Bank Limited**.



## Objective of the Report

### **The primary objective of the report is:**

- ✓ To fulfill the partial requirement of the internship program as a full credit subject of the BBA program.
- ✓ To know about the banking sector of Bangladesh.
- ✓ To be accustomed with the management policy or process of JBL in Bangladesh.
- ✓ To get an overall idea about the management policy of JBL as well as commercial Bank.

### **The secondary objectives of the report are as follows:**

- ✓ To know the operation of commercial banks in Bangladesh.
- ✓ To describe the customer service process of JBL Bank Limited.
- ✓ To analyze the barriers faced by the banks in Bangladesh.
- ✓ To suggest a supportive role in the progress of banking system in financial sector.
- ✓ To know about the objectives and planning of JBL.
- ✓ To know how the branches are efficiently controlled.
- ✓ To identify whether all processes are perfectly and effectively practiced or not.
- ✓ To find out the sectors in which such types of problems exist.



- ✓ To make an opinion on the reports.

## Scope of the Report

This report covered the overall banking system of JBL Bank Limited and also includes the relationship of the customers with the bank as well as the principals covered by the bank as a general banking system.

## Sources of Data

Both primary and secondary data have been collected. I have gathered primary data by personal interview of the Executives of JBL. Mainly I have discussed with them verbally. I collected information from them and the annual report of Jamuna Bank Limited that was provided by the Local Branch (Dilkusha). I used journals, brochures, manuals and several books on Finance and Banking to prepare this report. 75% data collected from bank and articles, workshop and 25% are collected from the books as well as the



information provided by the competitive banks. That is for preparing the report smoothly and accurately I used primary data and secondary data.

**Primary Sources:**

- ✓ Direct interviews with relevant personnel.
- ✓ Expert's opinion
- ✓ Official records of JBL.

**Secondary Sources:**

- ✓ Relevant paper and publications
- ✓ Annual reports of JBL.
- ✓ Relevant books and references.

## Methodology of the Report

**Research Design**

This report is based mainly on observations that I experienced during the internship period. Data required for this report were collected from the annual report of Jamuna bank. Apart from these, helpful information was collected from online resources.



## Limitations of the Report

It is an uphill task to study the on the management so the report was completed under certain constrains which were:

- ✓ Difficulty in gaining accesses to financial sector.
- ✓ Non-availability of the most recent statistical data.
- ✓ As I am student it is not possible for me to collect all the necessary information.
- ✓ I had to complete this report within a very short span of time that was not sufficient for investigation.
- ✓ Lake of Experience.

## ***About Jamuna Bank***

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Jamuna Bank Limited (JBL) is a Banking Company registered under the Companies Act, 1994 with its head office at Chini Shilpa Bhaban, 33 Dilkusha, Dhaka-1000. The Bank started its operation from 3rd June 2001.





Jamuna Bank Limited is a highly capitalized new generation Bank started its operation with an authorized capital of Tk.1900.00 million and paid up capital of Tk.390.00 million, as of December 2008 Paid up capital of the Bank raised to Tk.1072.5 million and number of branches raised to 47 (Forty seven).

JBL undertakes all type of banking transactions to support the development of trade and commerce in the country. JBL's services are also available for the entrepreneurs to set up new ventures and BMRE for industrial units. The Bank gives special emphasis on Export, Import, Trade Finance, SME Finance, Retail Credit and Finance to Women Entrepreneurs.

To provide clientele services in respect of International Trade it has established wide correspondent banking relationship with local and foreign banks covering major trade and financial centers at home and abroad.

## Vision

To become a leading banking institution and to play a pivotal role in the development of the country.



## Mission

The Bank is committed to satisfying diverse needs of its customers through an collection of products at a competitive price by using appropriate technology and providing timely service so that a sustainable growth, reasonable return and contribution to the development of the country can be ensured with a motivated and professional work-force.

## Corporate Slogan

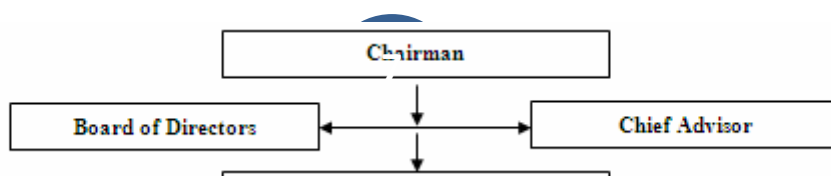
**Your Partner for Growth**

## Sponsors

The sponsors of Jamuna Bank Limited are successful leading entrepreneurs of the country having stakes in different segments of the national economy. They are eminent industrialist and businessman having wide business reputation both at home and abroad.

## Management

JBL is managed by highly professional people. The present Managing Director of the Bank is a forward looking senior banker having decades of experience and multi discipline of knowledge to his credit both at home and abroad. He is supported by an educated and skilled professional team with diversified experience in finance and banking. The management of the bank constantly focuses on the understanding and anticipating customers' needs and offer solution thereof. Jamuna Bank Limited has already achieved





tremendous progress within a short period of its operation. The Bank is already ranked as one of the quality service providers and known for its reputation.

## Corporate Culture

Employees of JBL share certain common values, which helps to create a JBL culture.





- ✓ The client comes first.
- ✓ Search for professional excellence.
- ✓ Openness to new ideas & new methods to encourage creativity.
- ✓ Quick decision-making.
- ✓ Flexibility and prompt response.
- ✓ A sense of professional ethics.

## Objectives

- ✓ To earn and maintain CAMEL rating strong.
- ✓ To establish relationship banking and service quality through development of Strategic Marketing Plan.
- ✓ To remain one of the best banks in Bangladesh in terms of profitability and asset quality.
- ✓ To introduce fully automated systems through integration of Information Technology.
- ✓ To ensure an adequate rate of return on investment.
- ✓ To keep risk position at an acceptable range (including any off balance sheet risks)
- ✓ To maintain adequate liquidity to meet maturity obligations and commitments.
- ✓ To maintain a healthy growth of business with desired image.
- ✓ To maintain adequate control systems and transparency in procedures.
- ✓ To develop and retain a quality work force through an effective Human Resources Management System.
- ✓ To ensure optimum utilization of all available resources.
- ✓ To pursue an effective system of Management by ensuring compliance to ethical norms, transparency and accountability at all levels.



## Strategies

- ✓ To manage and operate the bank in the most efficient manner to enhance financial performance and to control cost of fund.
- ✓ To strive for customer satisfaction through quality control and delivery of timely services.
- ✓ To identify customers credits and other banking needs and monitor their perception towards our performance in meeting those requirements.
- ✓ To revive and update policies, procedures and practices to enhance the ability to extend better services to customers.
- ✓ To train and develop all employees and provide them adequate resources so that customer's needs can be responsibly addressed.
- ✓ To promote organizational effectiveness by openly communicating company plans, policies, practices and procedures to all employees in a timely fashion.
- ✓ To cultivate a working environment that fosters positive motivation for improved performance.
- ✓ To diversify portfolio both in the retail and wholesale market.
- ✓ To increase direct contact with customers in order to cultivate a closer relationship between the bank and its customers.

### **Schemes offered by Jamuna Bank Limited**

- Monthly Benefit Scheme
- Monthly Saving Scheme
- Education Saving Scheme



- Marriage Deposit Scheme
- Double Growth Deposit Scheme
- Triple Growth Saving Scheme
- Lakhpoti Deposit Scheme
- kotipati Deposit Scheme
- Millionaire Deposit Scheme

### **Monthly Savings Scheme (MSS)**

Savings is the best friend in bad days. Small savings can build up a prosperous future. Savings can meet up any emergencies. JBL has introduced Monthly Savings Scheme (MSS) that allows saving on a monthly basis and getting a handsome return upon maturity. If anyone wants to build up a significant savings to carry out you're cherished Dream, JBL MSS is the right solution.

### **Monthly Benefit Scheme (MBS)**

Jamuna Bank Limited has introduced Monthly Benefit Scheme (MBS) for the prudent persons having ready cash and desiring to have fixed income on monthly basis out of it without taking risk of loss and without encashing the principal amount. This scheme offers highest return with zero risk. Everyone can plan your monthly expenditure with the certain monthly income under the scheme.



### **Double/Triple Growth Deposit Scheme**

For people who have cash flow at this moment and want to get it doubled/tripled quickly JBL has introduced Double/Triple Growth Deposit Scheme that offers to make double/triple money within 6(six) years and 9.5 (nine and a half) years respectively resulting a high rate of interest.

### **Marriage Deposit Scheme**

Marriage of children, especially daughter is a matter of great concern to the parents. Marriage of children involves expense of considerable amount. Prudent parents make effort for gradual building of fund as per their capacity to meet the matrimonial expense of their children specially daughters. Parents get relief and can have peace of mind if they can arrange the necessary fund for marriage of their children, no matter whether they survive or not till the marriage occasion.

It can be a great help to the parents if there is any scope of deposit of a modest amount as per their financial capacity, which grows very fast at high rate of interest yielding a sizeable amount on maturity.

With this end in view JBL has introduced Marriage Deposit Scheme, which offers you an opportunity to build - up your cherished - fund by monthly deposit of serial, amount at your affordable capacity.



### **Education Savings Scheme**

Education is a basic need of every citizen. Every parent wants to impart proper education to their children. Education is the pre-requisite for socio-economic development of the country. As yet, there is no arrangement of free education to the citizens from the government level. As such, there should be pre-arrangement of fund to ensure higher education of the children. Otherwise higher education may be hindered due to change of economic condition, income of the parents at the future time when higher education shall be required. Today's higher education is becoming expensive day by day. Parents can get relief and can have peace of mind if they can arrange the necessary fund for higher education of their children. As such, JBI, has introduced '**Education Savings Scheme**' which offers you an opportunity to build up your cherished fund' by monthly deposit of small amount at your affordable capacity or initial lump sum deposit to yield handsome amount on a future date to meet the educational expenses. Under this Scheme you have the different attractive options to avail the future benefit i.e. withdrawal of the total amount accumulated in lump sum or withdrawing monthly



benefit to meet educational expense keeping die principal amount intact or to withdraw both principal and accumulated profit monthly for a certain period.

### **Lakhpati Deposit Scheme**

To become a lakhpati is a dream to most of the people of Bangladesh especially to the lower and lower middle class income group. They experience their expectations and wants are enormous in nature in our small span of life. To meet our deposit and wants we need right plan. Keeping the above in mind JBL has introduced "Lakhopati Scheme" which has flexibility report of maturity and monthly installment as per affordable capacity.

## ***The job***

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### **Nature of the Job**

I have been appointed in the accounts department in the Dilkusha branch. In the entire period of internship my job was to do all kind of works that conduct by the accounts department. As well as the transaction of general banking division of jamuna bank is divided in to four moods and they are 1.Transfer 2.Clearing 3.Cash 4 Accounting opening .The job of the accounts department is to sorting out the online voucher and also the auto voucher and handmade voucher.

My responsibilities are.....

**Responsibilities**



**Administrative tasks (File**



## ***Products of JBL***

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### Deposits

#### **Types of Deposit Accounts-**

- ↪ Current Deposits
- ↪ Savings Bank Deposits
- ↪ Fixed Deposits (Term Deposit)
- ↪ Short Term Deposits
- ↪ Monthly Term Deposits
- ↪ Any other deposits as may be approved/ advised by Head Office.



## Procedures of Accounting Opening

Opening account with a bank is the way of creating a banker customer relationship. In other words, it is a contract between banker and customer. With this contract, bankers enter into certain obligations and responsibilities.

Proper introduction serves as a precaution against fraud and forgeries and safeguard against inadvertent overdraft to bank. Obtaining proper introduction may absolve the banker from the charges of negligence for conversion. So, while opening a new account, emphasis would be given without exception to introductory reference and inquiry. The following instruction to be followed while opening account: -

- Introduction of Account to be obtained from a respectable client acceptable to bank.
- The introduction shall be obtained in writing in the respective column of Account opening form.
- For opening savings bank account of individual either singly or jointly, passports and identity cards may be accepted for introduction, but subsequently proper introduction may be obtained.
- Introduction of Current Account by members of the staff may be allowed but shall be discouraged as far as possible.





- Current Account shall preferably be introduced by another Current Account holder acceptable to bank.
- Introduction of Account holder of other branch may be accepted with caution. In that case the introducer's signature must be verified by authorized officer of that branch and authenticated by a forwarding letter.
- Photographs of account holder must be attested by the introducer.
- Letter of thanks be issued to introducer in Bank's standard specimen.

## Current Deposit Account

- ✓ A Current Deposit Account may be opened by individual, firm, company and club, association, body corporate etc.
- ✓ Funds in the Current Deposit Account is payable on demand.
- ✓ No interest is payable on balances of Current Deposit Accounts.
- ✓ Current Deposit Account may be opened with a minimum initial balance of Tk.5,000/-
- ✓ Minimum balance to be maintained in the account is Tk.1, 000/-



- ✓ Customer willing to open Current Deposit Account shall fill up the Account Opening Form (AOF) applicable to him/ her and Specimen Signature Card (SS Card). The customer will sign in the space provided under “Yours faithfully” and on the specimen signature cards.
  - ✓ In case of proprietorship and partnership firms the relevant account opening form is to be filled in and signed by the proprietor/ partner in their individual capacity in the space provided under “Yours faithfully” and on the specimen signature card in their official capacity.
  - ✓ In all other cases including companies etc. the persons opening the account shall fill in the relevant Account Opening Form and sign the Form in the space provided under “Yours faithfully” and in the specimen Signature Card in their official capacity.
  - ✓ Introduction of acceptable clients to be obtained as per guidelines.
  - ✓ The Manager’s approval for opening account shall be obtained by the concerned staff member.
- 
- ✓ Signatures of the account holder shall be admitted by affixing the stamp “Signature admitted” and signing by the authorized officer. The introducer’s signature shall be verified by affixing the stamp “Signature verified” near the signature by authorized officer.
  - ✓ Blank space of the Specimen Signature Card should be closed by drawing parallel lines.
  - ✓ The particulars of the Account Opening Form shall be entered in the Account Opened and Closed Register as per sequence provided by the computer system.
  - ✓ The customer shall be provided with Deposit Slip in incorporating the Account Number and be advised to make the initial deposit in the account. The amount of initial deposit shall be entered in the Account Opening Form.



- ✓ Cheque Book shall be issued on request on completion of all formalities including initial deposit. Cheque series to be entered in the Account Opening Form at the bottom right and authenticated by authorized officer.
  - ✓ After posting of all particulars of the account including cheque series, one authorized officer shall check/ verify the same in the computer screen and record it in the form with signature.
  - ✓ Manager/ Authorized Officer shall apply sufficient intelligence and common sense to ascertain genuineness of the account holder. No account shall be opened without approval of the Manager.
  - ✓ Clear instruction regarding operation of the account shall be noted on the Account Opening Form and Specimen Signature Card especially in respect of death or inability of the account holders, or the person operating the account. The account holder shall confirm the instructions under specimen signature.
  - ✓ An indemnity shall be obtained from the customer if he/ she signs in language other than English/ Bengali.
- 
- ✓ Illiterate persons shall be discouraged to open Current Account. If opened withdrawal shall be allowed on personal appearance of the account holder.
  - ✓ The account opening form shall be sent to the respective computer terminal for posting and S.S. Card shall be retained serially in the S.S. Card Box under custody of Cheque Passing Officer.
  - ✓ One of the photographs of the Account Holder is to be pasted with AOF and another one with S.S. Card. AOF to be retained in serial order in Pasting File.
  - ✓ A letter of thanks to be sent to the account holder as well as to the introducer.
  - ✓ All new accounts opened during the day shall be personally checked by the Manager at the close of business of each day.



- ✓ Checking officer shall particularly see the introduction, initial deposit in cash or cheque, nature of business of the account holder, Trade License, Partnership Deed/ Memorandum of Articles of Association, Resolution etc.
- ✓ Similar Accounts should be noted in the AOF and care should be taken while making posting of transactions in such accounts.
- ✓ The Computer Program used by bank shall provide reference of clients. Branch Manager must ensure that their computer system provides reference of client.
- ✓ Classified Deposit Ownership Program to be maintained in the Computer System for facilitating periodical returns to Bangladesh Bank.
- ✓ Bank shall provide monthly statement of account to clients as per computer system of the branch.
- ✓ If minimum balance of the account falls below Tk.2,000/- once during the half-year, incidental charge will be recovered as per Head Office Circular.
- ✓ Bank at its discretion may close any account with prior notice to the account holder.
- ✓ In case of closure of account by the account holder, branch shall recover closing charges as per schedule of charges.

## Savings Bank Deposit Account

- ✓ Savings Bank Account may be opened in the name of adult individual who are mentally sound and also jointly in the names of two or more persons payable to either or both or all of them or to the survivor or survivors.
- ✓ Savings Bank Account may be opened in the name of a minor also.
- ✓ Saving Bank Account may be opened in the names of clubs, societies, association and similar institutions and even by government and semi-government offices.
- ✓ Account shall be opened with at-least a minimum initial deposit of Tk.1,000/-.



- ✓ Interest at the rates fixed by Head Office from time to time is applied half-yearly on the balances held on daily product basis.
- ✓ Not more than one account is allowed to be opened in the same name. But this will not be applicable to parents willing to open more than one account in his/her name in respect of each minor child.
- ✓ Savings Bank Account shall not be allowed to be overdrawn under any circumstances.
- ✓ Account opening formalities like Current Account should be followed.
- ✓ Savings Bank Account should not be allowed to be operated like Current Account
- ✓ Not more than 25% of the balance can be withdrawn without 7 days notice. Withdrawals in the account shall be allowed twice in a week.
- ✓ No interest shall be paid to such accounts in the month for violation of the above rules.
- ✓ Bank shall provide monthly-computerized statement of accounts to account holders instead of passbook.
- ✓ Bank may at its discretion close any account with prior notice for repeated return of cheques due to insufficient balance.

Bank may recover charges up to a maximum of Tk.100/- per instances of cheque return.

## Short Term Deposit Account

Deposits held in this account are payable on short notice. Normally corporate bodies, bank and financial organizations invest their funds temporarily. Now-a-days, private individuals having sound financial means also open this type of deposit accounts. The following rules shall apply-



- ↪ Deposits held in STD Account are payable in 7 (Seven) days notice.
- ↪ Cheque books may be issued to account holders for withdrawal of funds.
- ↪ Repeated withdrawal without notice shall be discouraged.
- ↪ Interest is payable on balance held on daily product basis as per computer program used by bank.
- ↪ For opening STD Account, AOF used for Current Deposit Account shall be used.
- ↪ Other formalities are similar to Current Deposit Accounts.
- ↪ Minimum balance requirement for accruing interest is Tk.100,000 (Taka one lac) only.

## Fixed Deposit Account

- ✓ Fixed Deposit is neither transferable nor negotiable.
- ✓ Fixed Deposit Account may be opened by individuals, firms, companies, corporate body etc.



- ✓ Fixed Deposit Account shall be opened for a fixed period ranging from 3 months to 36 months or above as determined by Head Office from time to time.
  - ✓ Rate of interest payable to Fixed Deposit Accounts shall be approved/ advised by Head Office from time to time.
  - ✓ Interest on deposits shall normally be payable on maturity along with principal.
  - ✓ Customers may however, have the option of withdrawing interest accrued after every six months provided that the account is for more than 24 months period.
  - ✓ Interest ceases to accrue on overdue Fixed Deposit Account. Branch may, however, allow interest to exceptionally valued clients on deserving cases with concurrence of Head Office.
  - ✓ FDR may be encashed before maturity on written request of the depositor. For payment of interest, branch shall follow Head Office instruction in this regard from time to time.
  - ✓ In case of FDR in joint names, written consent of all holders shall be obtained before premature encashment, irrespective of instruction provided for operation of the account.
  - ✓ Duplicate FDR may be issued in case of loss of FDR reported by the holder. An indemnity bond executed by the depositor(s) shall be obtained on Bank's standard form. A remark "DUPLICATE ISSUED IN LIEU OF ORIGINAL REPORTED LOST" is to be typed on top of the duplicate FDR. The original number should be used and comments to this effect be recorded in AOF, S.S. Card and FD Issue Register.
- 
- ✓ Extra care shall be taken in case duplicate FDR is proposed for lien to any bank.
  - ✓ Each FDR of the same depositor will be treated as separate contract.
  - ✓ Account Opening Form for Fixed Deposit Account contains relevant columns for mentioning all terms including rate and term of deposit and operational instruction. The bottom part of the form shall be used as credit voucher for the



- deposit. Specimen Signature Card duly signed by the depositor to be obtained with clear instruction for operation of the account.
- ✓ Nominee form may be obtained if the depositor desires to nominate anybody to receive the proceeds of his account in case of his death. Nominee's Signature and one copy of photograph duly attested by the depositor to be obtained.
  - ✓ The signature of the depositor is to be admitted by authorized officer both in AOF and S.S. Card.
  - ✓ Particulars of the account shall be entered in the FD Account Opening Register and a control number be allotted in computer sequence order with oblique against the printed number of FDR. The complete number shall be quoted/ mentioned in all references.
  - ✓ On completion of all formalities, including deposit of fund, FDR shall be issued and signed by two authorized officers. The FDR shall be delivered to depositor against acknowledgement on the reverse of the counter foil.
  - ✓ The AOF will be retained in file and the S.S. Card shall be kept in S.S. Card Box under custody of the concerned authorized officer.
  - ✓ The particulars of the account shall be posted in the computer system on completion of all formalities including receipt of deposit. One authorized officer shall check/ verify the particulars in the computer screen and record his comments on the AOF to this effect with signature.
- 
- ✓ Renewal of Fixed Deposit Account shall be allowed on written request of the depositor, if no intimation is received, the account shall be deemed to have renewed under the existing terms and conditions automatically.
  - ✓ FDR can be accepted as security against credit facility.
  - ✓ Offer of special interest rate on deposits is subject to Head Office approval.





The following documents duly completed shall be obtained from the customer at the time of opening different types of accounts as applicable:

➤ **Individual/ joint**

- ✓ Account opening form as applicable duly filled in.
- ✓ Specimen Signature Card.
- ✓ Two photographs duly attested by introducer.
- ✓ Nominee Form (if nomination given by the account holder).
- ✓ Mandate or Authority Form (if a third person is authorized to operate the account).

➤ **Proprietorship Firm**

- ✓ Account Opening Form.
- ✓ Specimen Signature Card.
- ✓ Copy of Trade License
- ✓ Two photographs duly attested by introducer.
- ✓ Proprietorship Rubber Stamp against all signatures of the proprietor.

➤ **Partnership Concern**

- ✓ Account Opening Form.
- ✓ Specimen Signature Card.
- ✓ Copy of Trade License



- ✓ Partnerships Deed
- ✓ Two photographs of each partner duly attested by introducer.
- ✓ Partnership Rubber Stamp against all signatures of partners operating the accounts.
- ✓ Partnership letter.

➤ **Private Limited Company**

- ✓ Account Opening Form.
- ✓ Specimen Signature Card.
- ✓ Copy of Trade License.
- ✓ Copy of Memorandum and Articles of Association duly attested by the Managing Director/ Chairman of the Co.
- ✓ Certificate of Incorporation.
- ✓ List of Director as per return of Joint Stock Company with signature.
- ✓ Resolution of the Board for opening account with the bank.
- ✓ Photographs of each of the authorized signatories.

➤ **Public Limited Company**

- ✓ Account Opening Form.
- ✓ Specimen Signature Card.
- ✓ Copy of Trade License.
- ✓ Photograph of Directors and account operators other than Director.



- ✓ Certified copy of Memorandum and Articles of Association.
- ✓ Certificate of commencement of business.
- ✓ List of Directors as per returns of Joint Stock Company with their signature.
- ✓ Resolution of the Board for opening account with the Bank.
- ✓ Certification of incorporation.

➤ **Clubs/ Association/ Society etc. (Non-Trading Concerns)**

- ✓ Account opening Form for current account or SB accounts.
- ✓ Specimen Signature Card.
- ✓ Certified copy of Bye laws/ constitution of the organization.
- ✓ List of the Executives of Managing Committee with their signature and present and permanent address.
- ✓ Resolution of the Committee for opening account with the bank.
- ✓ 2 Photographs of each operator of the account.

➤ **Corporation/ Autonomous Bodies/ Govt. Organization**

- ✓ Account Opening Form as applicable.
- ✓ Specimen Signature Card.
- ✓ Copy of the Act or Ordinance Showing authority to open account.
- ✓ Letter from the authorized persons in absence of the Board.

➤ **Account Of Constituted Attorney**

- ✓ Account Opening Form (As applicable)
- ✓ Specimen Signature Card



✓ Power of Attorney

A copy of Power of Attorney shall be taken and entered in the Power of Attorney Register in serial order. The serial number is to be noted along with Banks name on the Power of Attorney. Original may be returned and the copy to be attached with Account Opening Form.

## Instructions for Handling Account Holders

➤ **Individual Account**



Most of the accounts of a branch are individual. As such they deserve regular attention of the members of the staff of a branch. An individual account holder may nominate his near and dear ones to inherit his deposit in case of his death. He/ she can also give mandate or authority to operate his account in his short absence.

➤ **Joint Account**

- ✓ At the time of opening accounts in the name of two or more persons, clear and specific instructions shall be obtained regarding operation of the account and payment of balance to the survivor(s) or surviving members in the event of death of one or more joint account holders.
  - ✓ The instructions as far as possible shall be obtained in the handwriting of the parties concerned, under the signatures of all the joint account holders.
  - ✓ Instructions in the either or Survivorship form may be taken in the following manner.
  - ✓ If the account is opened in the name of two persons instruction may be: Either or Survivor or singly or jointly.
  - ✓ If the account is in the names of more than two persons instructions may be: By either or Survivor singly or by any two or more of them or by all of them.
  - ✓ In case of death of any joint account holders, if the specific instructions are either a or b, the balance will be payable to the survivor(s).
- 
- ✓ In the absence of specific instructions in the “Either or Survivorship” form, balance of the joint account will be payable to the survivors and the legal representatives of the deceased joint account holders.



- ✓ In the event of any of the Joint Account holders becoming bankrupts, all operation in the joint account shall be stopped until fresh instructions are given by the remaining solvent account holders jointly under their signature and the official assignee.
- ✓ In the event of death of any joint account holders, the survivor or survivors shall be requested to close the old account and open a new account in the name of surviving account holders.
- ✓ No overdraft shall be allowed in a joint account unless it is operated jointly by all the parties of the account and charge documents in respect of advance are also signed by all of them.
- ✓ Account payee cheque in the name of one of the account holders may be deposited in their joint name account for collection.

➤ **Account of Proprietorship Concern**

- ✓ While opening accounts in the names of proprietorship concern care should be exercised that the person opening account is the proprietor of the firm. Obtaining trade license issued by Municipal Authority/ Union Parishad can be a proof. On specific instruction the account may be operated by persons authorized by the proprietor.
- ✓ In case of death of proprietor, all operations in the account shall be stopped. Procedure laid down in Para (r) may be followed. On the death of the proprietor authority given by him ceases and the authority holder can not be allowed to operate the account.

➤ **Accounts of Partnership Firm**

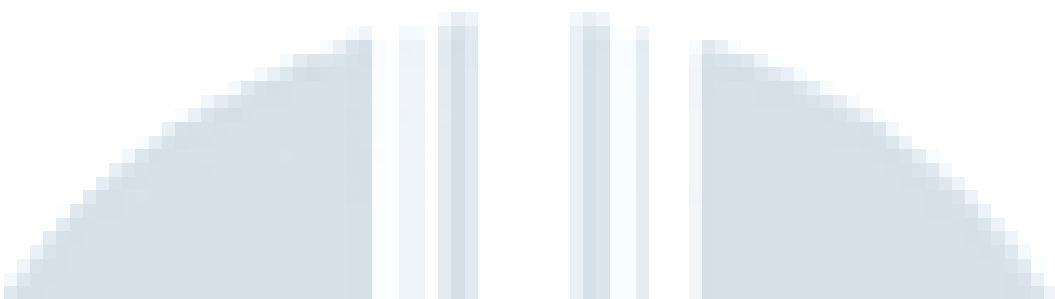




- ✓ A partnership account shall be allowed to be opened and operated by any one partner of the firm under his signature provided a partnership letter has been signed by all the partners of the firm in their individual capacity.
- ✓ Partnership Deed or Partnership Letter should be thoroughly studied to know the names and address of all the partners. Nature of business, names of partners authorized to operate the account including authority to draw, endorse, accept bills, mortgage and sell property belonging to firm. It should also be ascertained about the position of the firm on retirement of any partner, death or insolvency of any partner.
- ✓ In case of death of partner, if the deceased partner was operating the account singly, the balance shall be paid to the heirs of the deceased and the surviving partners as per orders of the Court agreement or arrived at between the surviving partners and heirs of the deceased. In the later case, the recipient shall execute indemnity bond as explained in para ® regarding deceased account.
- ✓ If a partnership Deed is submitted the same should be accepted and recorded with the bank.
- ✓ In case of death of a partner who was not operating the account the surviving partners shall be advised to close the partnership account and open a new account.

An operating partner may give mandate to a third person to operate the account in place of him.

### ➤ **Accounts of Joint Stock Companies**





- ✓ A Joint Stock Company is a separate legal entity. The shareholders may die or become insolvent. The company shall continue to exist unless the number of share holders falls below the minimum number of members.
- ✓ The minimum number of members is two and maximum is 50 excluding employees and ex-employees. Private Limited Company cannot invite public to subscribe to its shares and therefore, not required to issue a prospectus. Right to transfer share is restricted. It can commence business as soon as it receives certificate of incorporation. It need not obtain "Certificate of Commencement of Business".
- ✓ Public Limited Company must have minimum of seven members. There is no restriction on maximum number though it is always advisable to keep it within manageable limit. A public Limited Company raises its capital generally through public issues and therefore, a prospectus is required to be issued. Share of public Limited Company can be transferred. It however cannot commence business until and unless "Certificate of Commencement of Business" has been obtained.
- ✓ Approval of Head Office to be obtained for opening account in the name of a New Public Limited Company for the deposit of share money.
- ✓ No cheque book shall be issued or withdrawals allowed from the account of the newly floated companies unless a certified copy of commencement of business is produced by the company.
- ✓ If the company fails to produce such certificate as mentioned at para (v), the deposits accepted by the bank on their behalf representing share money, received in anticipation of the commencement of business, shall be refunded in lump sum to the Directors of the company obtaining a joint receipt from all of them subject to prior approval of Head Office.





- ✓ Account of Limited Companies operated by the Managing Agents of the company shall not be opened or allowed to be operated unless a certified copy of the Managing Agent's, Agreement is obtained and the authority of the persons signing on behalf of the firm or company or the Managing Agent is verified.
- ✓ No advance shall be allowed to any company unless it is ascertained that Memorandum and Articles of Association of the Company authorize the company in that behalf. And it is authorized to secure the advance against securities offered by it.

➤ **Accounts of Clubs/ Societies/ Associations**

- ✓ No overdraft shall be allowed in the accounts of clubs. Societies and Associations without prior approval of Head Office.
- ✓ No cheque drawn on the accounts of Clubs and Societies shall be collected for credit to private account of the office bearers of the societies and clubs.
- ✓ In case of transfer or death of any of the office bearer of the club/ society operating the account, all operation shall be stopped until such time that a fresh resolution is passed in future by The Executive/ Managing Committee determining the method of its operation and delegation of powers to the new office bears, and advised to the Bank.

Inter Branch Transfer of Account



In case of transfer of Savings or Current account to another branch, a letter of request should be obtained and action be taken after verification of the signature and taking proper approval of the Manager. The request of the account holder desiring the transfer of the account shall be taken an application.

- ✓ When the application is received Manager of the branch will check up the same and if found in order will approve transfer of the account. The relative specimen signature cards and account opening form shall then be taken out from file for transfer by the concerned department.
- ✓ The following entries shall be passed by the branch transferring the account.
  - ✓ Debit : Party's account.
  - ✓ Credit : JBL General Account {Transferee branch (IBCA to be issued)}.
- ✓ The transferring branch should not recover any charges from the account holder for transfer of the account.
- ✓ The forwarding letter as per the following specimen shall be signed by the Manager.
- ✓ At the time of transferring the account the branch may retain photocopy of AOF and SS Card together the application and preserve in Account transfer file.
- ✓ Entries shall be made in the Account opened and Closed Register and a note to this effect "Account Transferred to ..... Branch on..... shall be made therein.
- ✓ The Account Opening Form, SS Card and the IBCA shall be dispatched under cover of the forwarding letter as per specimen to the transferred branch under registered A/D/ Courier Mail.



- ✓ Ordinarily a newly opened account should not be transferred to another branch. The holder should better be advised to close the account.
- ✓ It must be carefully noted that no overdraft, cash credit, demand loans or any other account representing party's liability or obligation shall be transferred from one branch to another without prior Head Office approval.
- ✓ Measures to be taken by the Transferred Branch.
  - ↳ The transferred branch sends a letter of acknowledgement to the transferee branch on receipt of the papers/ documents of the account.
  - ↳ All the enclosures to be checked and verified in terms of number and contents.
  - ↳ Intimation shall be sent to the account holder by post/ courier mail requesting him to call on the manager with the intimation letter sent to him.
  - ↳ A new account number shall be allocated and IBCA is responded in the following manner.
    - Debit : JBL General Account (Transferee Branch).
    - Credit : New Account (Under advice to the holder).
  - ↳ New cheque book against the account opened shall not be issued to the account holder unless
    - The Local Address of the party is properly tallied with the same mentioned in the transfer-forwarding letter.
    - The party calls on personally and signs the cheque requisition slip with acknowledgement.
    - Fresh Set of Account Opening Form and SS Card with fresh introduction are obtained and formalities completed as required for opening Account.



## Issuance of Cheque Books

General Service Division of Head Office will supply required Cheque Books to branches against their requisition from time to time. On receipt of these cheque books/ other security stationery, the branch shall record the stock in the Security Stationery Stock Register. While recording the stock, the Prefix number shall invariably be mentioned.

- A few Cheque Books required for current consumption of the Deposit Department shall be taken out from the main stock under control of an authorized officer. The concerned issuing officer will keep these cheque books in a box under lock and key and issue the same to the clients during the day. The Cheque Books will be entered in the Cheque Book Issue Register and be issued to clients against their acknowledgement in the register.
- Separate folios will be opened in the Cheque Book issue Register for CD/ SB/ STD account cheque books.
- When a cheque book is required by a new customer, the cheque requisition slip pasted on top of each cheque book is to be got signed by him. The officer responsible for issuing cheque book shall get the signature of the account holder verified from the officer in-charge of the Deposit Department and issue the cheque book to the customer after putting his initial in the cage of cheque series subject to the condition that account opening form is complete in all respects and otherwise in-order.
- The requisition slip shall be sent to the respective Computer Terminal for posting in the respective account.



- All subsequent Cheque Books shall be issued against Cheque Requisition Slips extracted from the previous cheque books issued to the customer, However, the requisition slip pasted with subsequent cheque book on its first page shall be destroyed.
- The cheque requisition slip duly filled in by the customer shall be forwarded to cheque posting Terminal to ascertain:
  - ↪ The average balance maintained by the customer.
  - ↪ Whether previous cheque leaves are properly consumed.
  - ↪ Cheques are not frequently returned for insufficient funds in the account.
  - ↪ Payment of Cheque is not frequently stopped.
  - ↪ The manner in which the account is operated.
  - ↪ The account is not dormant.

If any of the defects is noticed by posting officer, he/ she shall make remark on the requisition slip and forward it to Cancellation Officer who will decide whether cheque book should be issued to the customer.

- In cases, where the account is found in order and the party is known, the cancellation officer shall verify the signature on the slip and send it back to cheque book issuing officer for issuance of the same.
- In case of a Dormant Account, the party shall call on the Manager personally for identification purpose. The Manager on being satisfied about the bonafides of the applicant shall allow issuance of cheque book.
- In case of slightest difference in signature or suspicion aroused about the bonafides of the person presenting the cheque requisition slip, proper inquiries



shall be made by contacting the account holder. The officer must be satisfied before finally issuing the cheque book.

- In case where requisition slip extracted from a previous cheque book is not presented, every possible care shall be exercised to establish the bonafides of the case, particularly when address of a constituent has been recently changed and/ or a simultaneous request to change the address is made.
- If the cheque book/ cheque requisition slip is reported lost, the branch shall take extra care in issuing fresh cheque book and take the following extra steps :
  - ↳ An Indemnity on bank's standard form shall be obtained from the client counter signed by another customer of the branch having reasonable balance in the account.
  - ↳ Stop payment shall be made for the unutilized cheque leaves (Detailed procedure in relevant chapter).
  - ↳ On completion of the formalities, fresh cheque book shall be issued to the client. The client shall personally receive the cheque book against acknowledgement.
- If the cheque book is issued through bearer, his signature must be attested by the account holder on the request letter. The requisition will however be filled in/ signed by the account holder. The bearer will receive the cheque book against his acknowledgement on the reverse of requisition slip and Cheque Book Issued Register. The party's acknowledgement may be obtained by sending him a letter through bearer.



- The issuance of the cheque book will be processed as under:
  - ↪ It should be ensured that all the leaves and blank requisition slip are intact and the printed serial numbers are in-order.
  - ↪ The name and account number of the customer shall be written in the cheque books cover and the cheque requisition slip.
  - ↪ The account number shall be affixed on all the leaves of the cheque book including the cheque requisition slip under the signature of the issuing officer, whose signature should be recorded in the deposit department.
- Cheque Books shall be delivered to the customer over the counter after obtaining his acknowledgement in the cheque requisition slip as well as cheque book issue register.
- In special circumstances, cheque book may be delivered through bank messenger. But in that case similar acknowledgement or subsequent confirmation shall be obtained from the client.
- Cheque Book sent by post shall be dispatched to client under cover of a latter in a sealed envelope under Registered A/D. The client shall be asked to confirm receipt of the cheque book. The A/D on return together with the confirmation be tagged with the requisition slip.
- The cheque requisition slips against which cheque books have been issued shall be stitched together with vouchers of the day.
- At the close of the day, the Security Box containing the cheque books shall be placed in safe or inside the Strong Room under the supervision of the authorized officers.



## Stop Payment Order and their Revocation

- ✓ Instruction for stopping payment of any cheque shall be obtained from the account holder in writing.
- ✓ If stop payment instructions are received over telephone or Telex a provisional note in respect thereof shall be kept with cancellation officer, pending receipt of written instructions from the account holder. Should the cheque be presented in the meantime, the same should be returned with objection “drawers confirmation required”.
- ✓ The date and time on which those instructions received shall be marked on the letter and signed by an authorized officer.
- ✓ The signature of the account holder shall be verified on the letter and accordingly the cancellation officer/ posting officer will be asked to insert the cheque number and stop payment in the computer terminal.
- ✓ Meanwhile if the cheque is already paid the account holder shall be informed immediately.
- ✓ An acknowledgement Memo in Bank’s printed format may be issued to the account holder as to the actions regarding stop payment.
- ✓ The stop payment letters received from the party shall be filed in the “stop payment file”.
- ✓ When a stopped cheque is presented for payment, the remark “Payment Stopped by drawer should be written in bold letter in red ink across the face thereof and returned to the payee with return memo under usual manner.
- ✓ Revocation instruction regarding “Stop Payment” shall be obtained from the account holders in writing. The signature of the account holder shall be verified with the signature on the previous letter.





- ✓ The Stop Payment instruction shall be revoked from the account by withdrawing the cheque number from computer system and note to this effect shall be made on the letter for reference.
- ✓ The revocation letter shall be filed with the previous letter which contained “Stop Payment” instructions.
- ✓ The revocation instruction shall be acknowledged by sending a letter to the account holder.



## Payment of Instrument, Dishonor of Instrument

### ➤ **Scrutiny of cheques/ voucher**

- ↪ Before posting in the computer system, the cheque/ vouchers are to be checked by the concerned officer with reference to the following:

### ➤ **Cash Cheques**

- ↪ The cheque is drawn on the bank and branch where it is presented for payment.
- ↪ The cheque is an open cheque i.e. uncrossed.
- ↪ In case it is an order cheque (Payable in cash) the payee is identified to satisfaction.
- ↪ It is not post-dated, undated or stale.
- ↪ The words and figures tally.
- ↪ The cheque is duly signed by the drawers.
- ↪ Cuttings and alteration have been authenticated under full signature of the drawer.
- ↪ There is no over writing whatsoever.
- ↪ Any material part of the cheque is not mutilated.
- ↪ The cheque is not unusually of huge amount and also with-drawl is not rare and sudden. In such cases the matter should be brought to the notice of the Manager by the posting officer.
- ↪ The cheque leave bears the initial of cheque book issuing officer.



➤ **Cash Debit Voucher**

In case of cash debit voucher, the following points should be checked:

- ✓ It is signed by the authorized officer along with the Manager.
- ✓ It is signed by the payee on the reverse and payee's signature is verified.
- ✓ It bears the Stamp "Pay Cash".

➤ **Clearing Cheques**

In case of clearing cheque, it is checked that: -

- ✓ Collecting Bank's Clearing Stamp bearing correct date is affixed on the face of the cheque and the cheque is presented in the 1<sup>st</sup> or 2<sup>nd</sup> clearing as stamped.
- ✓ The collecting bank's discharge is correct.
- ✓ Other points similar to those as explained above are followed.

➤ **Transfer Delivery**

The following points to be checked:-

- ✓ The Transfer Delivery Stamp is affixed on the face of the cheque and bears correct date.
- ✓ The collecting bank's discharge is correct.
- ✓ Other points similar to those explained above are followed.



➤ **Cash Transfer**

It shall be checked that: -

- ✓ The Cash Transfer Stamp is affixed on the face of the cheque.
- ✓ Branch discharge is correct.
- ✓ Branch crossing seal is applied.
- ✓ Other points similar to explain above are followed.

➤ **Voucher**

It shall be checked that: -

- ✓ It is correctly written and dated.
- ✓ Two attorney holders sign it jointly.
- ✓ Amount in words and figures tallies.
- ✓ Appropriate head of account is given together with computer number.



➤ **Cancellation of Cheques**

- ✓ The cancellation officer should be an authorized officer of the bank/ branch.
- ✓ He/ She shall keep all Specimen Signature Card under his effective control during transaction hours.
- ✓ The cancellation officer shall retain only the signature cards admitted by the authorized officer in serial order.
- ✓ Before passing any cheque, the signature of the drawer must be verified. In case, signature of the drawer differs, cheques shall not be passed unless the drawer's confirmation is obtained or a reference is made to Manager for his instruction.
- ✓ The cancellation officer shall not pass any cheque unless cheque is posted in the computer system.
- ✓ He/ she should check the irregularities of the cheque if any.
- ✓ The cheque series number with Prefix should be checked to safeguard fraud and forgeries.
- ✓ The cancellation shall be done by drawing redline across the signature of the drawer of the cheque. He/ She shall sign in full in red ink near the drawer's signature.
- ✓ Cheques over Tk.50,000/- shall be cancelled by two authorized officers jointly. Branch must issue office order regarding cheque passing schedule according to its size and volume of work load. The cancellation officer shall follow the schedule in variably.
- ✓ In case of cash payment cheque a "Pay Cash" stamp shall be affixed on the cheque and signed by the cancellation officer.



## Payment of Cheques after Banking Hours

Payment of cheques after banking hours should be discouraged. Payment to the drawer only may be made in special cases as deemed by the Manager. The cheque should be paid after ascertaining sufficient balance in the account and on completion of other formalities.

However, such cheques should bear date of actual payment or prior to that date.

## Dishonor of Cheques/ Instruments

Bankers are under legal obligation to honor customer's cheque if funds permit. If they honor a cheque through oversight when there are no funds. To the credit of the drawer's account Bank may lose the money. On the other hand, if they dishonor it through inadvertence they may pay damage for wrongful dishonors.

Therefore, it is incumbent upon the bankers to proceed with caution in the matter of dishonoring cheque drawn on them. A banker is not under statutory obligation to give a written answer on a dishonored cheque. But as per practice, as well as agreement of Banker's Clearing House a banker should return it with Return Memo giving the appropriate reason for the dishonor.



While giving such reasons, due care should be taken to see that the credit of the customer is not damaged by an unwarranted/ exaggerated answer. It should also be ensured that such reason does not mislead the payee.

In the event of dishonoring a cheque it must be entered in the Cheque Returned Register and the authorized officer must sign in the register and the Cheque Return Memo.

➤ The following reasons are generally used for returning cheques/ instruments

- ↵ Effects not cleared, please present again.
- ↵ Not arranged for
- ↵ Payee's endorsement required.
- ↵ Payee's endorsement irregular.
- ↵ Payee's endorsement illegible.
- ↵ Drawer's signature differs from specimen recorded in the office.
- ↵ Endorsement requires bank's confirmation.
- ↵ Alteration requires drawer's signature in full.
- ↵ Cheque is post dated.
- ↵ Cheque is out of date.
- ↵ Exceeds arrangement.
- ↵ Amount in words and figures differ.
- ↵ Crossed cheque must be presented through bank.
- ↵ Payment stopped by the drawer.
- ↵ Full cover not received.
- ↵ Vernacular endorsement requires confirmation
- ↵ Instrument Mutilated/ Requires confirmation.
- ↵ Banks discharge irregular/ required.
- ↵ Not drawn on us.
- ↵ Funds insufficient.



- ↪ Cheque incomplete.
- ↪ Clearing stamp required.
- ↪ Clearing date irregular.

## Payment of FDR & Short Notice Deposits

### **Fixed Deposit Receipts (FDR)**

In computerized system of accounting the branches get daily print report of FDR maturity together with interest payable and related deductions. The following steps shall be taken by the branches to make payment of FDR on maturity.

- ✓ FDR duly discharged by the holder(s) on the back of it to be obtained.
- ✓ The signature(s) shall be verified by authorized officer.
- ✓ Following entries shall be passed for payment of the FDR on maturity.
  - ✓
    - ↪ Dr: Exp. Control A/C : Interest on FDR
    - ↪ Cr: Sundry Deposit : Interest payable on FDR
  - ✓
    - ↪ Dr. Sundry Deposit : Interest payable on FDR
    - ↪ Cr: Fixed Deposit A/C : Interest paid on FDR
    - ↪ Dr. Fixed Deposit A/C : AIT (10%) on interest and excise duty.
    - ↪ Cr. Sundry Deposit A/C: AIT (10%) on FDR and excise duty payable.
- ✓ In case of cash payment the following shall be done
  - ↪ Dr: Fixed Deposit A/C : (by FDR itself)





- ↪ Dr: Fixed Deposit A/C : Interest payable (by cash debit voucher for interest payable amount.)
- ↪ Cr: : Cash
- ✓ The FDR holder shall sign on the back of the Cash Debit Voucher for payment of interest only and holder's signature shall be verified by authorized officer.
- ✓ Cash Debit Voucher shall be signed by two authorized officers one of them must be the Manager.
  
- ✓ In case of payment through transfer the following entries shall be passed
- ✓ Dr: Fixed Deposit A/C : (FDR itself for principal amount shall be the debit Voucher) and for the interest amount by a debit transfer voucher.
- ✓ Cr: Bills payable A/C : Pay Slip/ Pay order (For total amount).
- Or
- ✓ Cr. SB/ CD A/C of the holder as per instruction.
- ✓ Branch must ensure recovery of Excise Duty from each FD Account once in a year irrespective of its closure/ renewal as per Head Office instruction.
- ✓ Premature Encashment of FDR is permissible. Interest however, shall be payable at prevailing Savings Bank rate or as per rate fixed by Head Office from time to time.
- ✓ In case of premature encashment branch shall reverse the interest already credited to sundry Deposit A/C in excess of the actual interest payable on the date of payment invariably.



- ✓ No penal interest shall be recovered for premature encashment but usual income tax and excise duty shall be recovered.
- ✓ Fixed Deposit Account may be renewed automatically in case of non-receipt of official request from the holder on the same terms and conditions if the rate is acceptable to bank.
- ✓ The holder may renew the Fixed Deposit Account on revised terms and conditions acceptable to bank with written approach.
- ✓ Branch shall affix a stamp "renewed for further ----- months at interest rate of -----" on the back of the Receipt for each renewal duly signed by two authorized officers.
- ✓ On closure of the account the Account opening Form and Specimen Signature Card shall be marked cancelled and preserved in a separate file for future reference.

### ➤ **Short Term Deposit**

Deposits under this category is withdrawable at a minimum of 7 (seven) days notice.

Withdrawal from the account shall be allowed on the following manner -

- ↪ If cheque book is issued, withdrawal by cheque shall be allowed against 7 (seven) days notice.
- ↪ If no cheque book against the account is issued with drawl may be allowed as per written instruction of the client either by pay order/Demand Draft or through transfer to his /her current account with the branch.



If any account is operated like Current Account, the customer shall be advised to open a Current Account instead of short term Account.

Minimum balance requirement as fixed by Head Office from time to time shall be in force.

## Closing of Accounts

For different reasons, the account holder(s) may request for closure of his/ their account with the bank. On receipt of such letter of request for closure of account, the Manager should ascertain the reasons to satisfy himself that the constituent is not severing his relations for grievance from the bank which may possibly be redressed. If for genuine reason the account holder(s) approach for closure of his/their account, the following steps shall be taken:

- ↪ The application shall be received together with unused cheque leaves.
- ↪ The signature of the account holder shall be verified
- ↪ The number of unutilized cheque leaves shall be noted on the letter.



- ↪ The Manager shall approve closure of the account and ascertain liability position (if any) and closing charges at prescribed rate to be recovered.
- ↪ The account holder may be requested to withdraw the balance on deduction of the charges. Otherwise the balance payable may be paid by way of pay Slip / Pay Order in favour of the account holder
- ↪ After closure of the account, "Account Closed" Stamp shall be affixed on the account opening form, S.S. Card and in the Account Opened and Closed Register with date under signature of an authorized officer.
- ↪ The Account opening form together with S.S.Card and the request letter shall be retained in Account closed file to be maintained in branches for Current and Savings Accounts separately.
- ↪ If the balance is paid by way of Pay Slip/Pay order, the debit advice may be delivered to the account holder either by hand or by mail.
- ↪ The unused cheque leaves shall be destroyed by authorized officer and shall be recorded on the application for reference under joint signature.
  
- ↪ The unused cheque leaves shall be entered in the A/C Opening Register and the running number of the account shall be drawn reducing the closed account on each day.

## Interest Application

Computerized branches need not require calculating interest manually. The computer system will guide officials as per program incorporated. Branches need to pass vouchers only where



needed to balance the figures. Interest rates however will be decided by Head Office from time to time.

## Balance Inquiries & Statements

### ➤ **Balance Inquiries**

- ↳ The account holder may enquire about his/her balance in the account. The client may be advised to fill and sign the Balance Requisition Slip (BRS) or to produce the Letter of Authority (LOA) duly signed by the account holder.
- ↳ The signature of the account holder shall be verified on the BRS or LOA before disclosing the balance.
- ↳ If a slip is required to be sent by mail or hand, it shall be sent in a closed envelope addressed to the account holder.

### ➤ **Balance Certificate**

In the event of a balance certificate required by an account holder, he/she may be provided with such certificate as per computer print report recorded by the branch against his/her written request. Certificate may be delivered as per instruction of the account holder.

### ➤ **Balance Confirmation**



- ↳ In a computerized system of accounts, the computer program will provide print report of balance confirmation of Accounts along with a sub-joined part. It will contain the full address of the account holder. The balance confirmation shall be dispatched to account holder in a window envelope. Follow-up should be made to get back the sub-joined part duly signed by the account holder.
- ↳ On receipt of the confirmation from the party regarding his/her balance duly signed, it shall be preserved in a file after verification of signature.

Balance confirmation for debit balances in case of over-draft, cash Credit and/or loan accounts shall be dealt with separately. The sub-joined part to be received from clients duly signed by them and preserved in their document file after verification of signature

## ***Clearing & Transfer***

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Clearing



Clearing Department plays a vital role in General Banking. This department receives cheques, DD, P.O. etc from depositors attached with a deposit slip. Then these instruments are posted in the 'NIKAS' Computer. After posting those instruments, are segmented bank wise. Eleven separate branches of JBL with in Dhaka sent instruments to the local branch (Dilkusha Branch) for collection along with the floppy disk in which particulars of the instruments are described. Then the authorized officer of the local branch accumulates all information in a floppy and the instruments of twelve branches (including the local branch) are segmented bank wise. All instruments are now ready for collection at the 1<sup>st</sup> clearing house. There are two types of House:

- 1<sup>st</sup> Clearing House and
- Same-day clearing House

### **CONDITIONS FOR SAME-DAY CLEARING**

- ✓ The Instrument's value must be over Tk.5 lac
- ✓ The respective branch of the bank must be within 2 K.M of Bangladesh Bank.

## Outward clearing

All cheques, demand drafts and other credit instruments tendered for the credit of customers account will be delivered by the depositor at the clearing counter. Any deposits



received by post will also be sent over to the clearing counter. The counter officer shall at the time of receipt examine such deposits carefully to ensure that -

- ↪ The name of the account is very clearly written on the Deposit slips.
  - ↪ The particulars of deposits such as cheque numbers, names of bank etc. are properly entered on the deposit slip.
  - ↪ The depositor has signed the Deposit Slip.
  - ↪ On item deposited payees discharge and the chain of endorsement, are in order.
- All cheques and other instruments will be crossed immediately on receipt with the banks special crossing stamp. Items intended/selected for the next day's clearinghouse will be branded with the bank's clearing stamp with date. If the deposits are made at a time when it is too late for these to be presented to drawee banks the same days the stamp "Too late for todays clearing" will be affixed on the counter foil.
  - All branches of Jamuna Bank Limited are computerized and operate in Clearing House with computer Floppy. All clearing items will first be sorted out bank-wise and then entered in a computer printed slip prescribed for the purpose. These Schedules/Slips are in fact list of cheques etc. delivered by Jamuna Bank Limited to other banks through the clearing House.
- 
- All these slips are summarized in a bigger computer printout which reflects in details the instruments etc. presented by the bank to Clearing House and contains the names and account number to which the credits will be posted. These sheets serve the purpose of a Clearing House Register.





- Bank also prepare, another summery sheet (Validation Sheet) from computer which contain the total a number of cheques etc. delivered to different banks in the Clearing House and cheques received from different banks with correct total of amount.
- The Credit vouchers should then be released for posting in the computer. It will be the responsibility of Deposit Department, however, not to allow any drawings against such items before the fate is definitely known. Reversal entries for any clearing item returned unpaid should invariably be made by a separate debit voucher.
- All clearing item will be passed through the bank's Local Office/Main Branch's Account with Bangladesh Bank.
- Entries to be passed by Local office/ Main Branch.
- Other branches routing their Clearing Instruments shall send a Clearing House Floppy to Local Office/Main Branch supported by IBDA for the total amount.
- Local Office/ Main Branch shall respond the IBDA to the debit of their account with Bangladesh Bank/Sonali Bank in a consolidated manner.
- In case of return of cheques unpaid in the Clearing House, Local Office /Main Branch shall issue IBDA on the branch which lodged the cheques in clearing to reconcile the accounts.
- All IBDA's originated in connection with Clearing House shall invariably be responded on the same day and under no circumstances shall be kept pending.

## Inward Clearing



- ✓ Local Office/Main Branch shall receive cheques etc drawn on Jamuna Bank Limited branches from the Clearing House. On receipt of the cheque etc. they shall segregate the same branch-wise and issue IBDA on branches against total amount of cheque etc. and shall arrange delivery of the IBDA together with the cheques etc. within Clearing House time schedule.
- ✓ Branches shall send the cheques dishonored by them supported by IBDA issued on Local Office/Main Branch, within Clearing House time schedule for enabling Local Office/Main Branch to return these instruments in the 2<sup>nd</sup> Clearing House (Return House).

## Transfer Delivery

- ✓ All such instruments drawn on easily accessible local Branches of JBL (say within Dhaka city) and deposited for credit of customer's account shall be treated as "Transfer Delivery".
- ✓ Jamuna Bank Limited is yet to introduce transfer delivery system of collection amongst its branches in Dhaka. Till such time the branches shall continue to collect proceeds through outward bills for collection procedure as laid down in bills chapter.



## Internal Transfer

- ✓ Transfer Book shall be maintained for entering transfer cheques/vouchers.
- ✓ Serial number shall be allotted both on the debit and credit side of the book, which shall be required for recording the daily transactions. The same serial number shall be noted on the voucher entered in the book including their contra credit and debit voucher and or a set of credit or debit vouchers of a transaction.
- ✓ Entries in the debit and credit column of the book shall be directly made from the respective debit and credit vouchers. At the end of the banking hours the total of the debit and credit shall be arrived at and tallied with the computer figure in Transfer Head.
- ✓ Transfer Stamp is affixed on the face of voucher; Vouchers are released from Transfer book. It is balanced and signed by the writer and Book is checked and signed by the authorized officer.
- ✓ In a computerized system scroll is done by the computer system. But branch shall maintain the Transfer Book manually as a safe guard against easy detection of mistakes and issuing vouchers if any.



## Cash

### Receipt of Cash

Cash may be deposited either by deposit Slips for SB/ CD/ CC accounts or by other credit voucher like single credit voucher, pay order/ Draft/ T.T. application forms. Branches shall ensure the following:

- ✓ Cash receiving officer shall check the deposit slip/ credit voucher/ application form as to its title of account, number and amount in words and figures.
- ✓ The cash currency notes shall be counted physically /by cash counting machine as per denominations of the currency notes on the back of the voucher /deposit slip. The officer will enter the particulars in the cash Receiving Register and sign on the related deposit slip/voucher and affix "Cash Received" Stamp with date. He/she shall write the amount in words and figures in red ink across the deposit slip/voucher/ application form in token of receipt of the money. He /She shall send the register along with the deposit slip/voucher for signing on the same and authenticating the receipt in the register by the in-charge of the department.
- ✓ The officer in-charge shall retain the original of deposit Slip and other vouchers and send them to respective desk for postings/actions. The duplicate voucher (counter foil) shall be handed over to the depositor/client.
- ✓ At the close of business the cash receiving officer shall add all the entries in the register and if agreed with the actual cash received by him, shall hand over the register for checking by officer-in-charge.
- ✓ Receiving Cash officer will hand over the cash to the entire cash in-charge duly checked by him.



## Payment of Cash

Cheques, Cash Debit Vouchers, Fixed Deposit Receipts, Monthly Term Deposit Receipts, Bearer Certificates of Deposit, Demand Drafts, may be placed for payment at the counter by clients, beneficiaries and various departments for encashment. Branches shall ensure the following:

- ✓ The instrument is checked for any apparent discrepancy and evidence of posting and cancellation.
- ✓ Specimen Signature of cancellation officer shall be available with cash paying officer for convenience of payment.
- ✓ On being satisfied, the cash paying officer shall count cash for payment and the denominations of notes are written on the reverse of the instrument invariably.
- ✓ Signature of the bearer is obtained on the reverse of the instrument and compared with the signature already obtained from the bearer while presenting the instrument.
- ✓ If the presenter is found to be the same person, cash is handed over to the bearer/presenter.
- ✓ "Cash Paid" Stamp is affixed on the face of the instrument and signed by the cash paying officer.
- ✓ Particulars of the instrument are entered in the cash payment register.
- ✓ Paid instruments are preserved with the cash paying officer.
- ✓ At the close of bank hour, the amount entered in the cash payment register is totaled. The total must agree with the totals of cash paid.



- ✓ The total is written in the cash payment register in words and figures.
- ✓ The officer-in-charge of cash department shall check the entries and instruments to ascertain that the payment has been made correctly and shall release the instruments from cash payment register by his initials against each entry in the cash payment register.
- ✓ The officer-in-charge also checks and signs the entries.

## ***Remittance, Bills and Endorsements***

### Payment of Telegraphic Transfer

#### ➤ **Receipt of message and payment**

- ✓ The in-charge and the manager verify the test message.
- ✓ If the test-number, payees A/C number and title of the A/C does not agree a telex is sent to the branch concern asking them to rectify the message with correct test number and other particulars.
- ✓ If the test-number agrees and all other information is correct, test agreed seal is affixed on the message and signed by the officers.

Where the payee does not have any account in the drawee branch a Pay Order/ Pay Slip is issued in favour of the payee a delivered to his banker on the same day.



➤ **Issue and Payment of Pay-Orders**

- ↵ The customer is asked to fill up the application that is treated as a credit voucher for: Bills Payable Account-Pay-Order issued.
- ↵ The voucher is given to the customer to deposit the cash with the cashier.
  
- ↵ The cashier receives the cash and delivers the vouchers to Remittance Department against initials in his book.
  
- ↵ Pay-Order is prepared and entered in Pay-Order Issued Register. The amount of the Pay-Order is protect graphed.
- ↵ The Pay-Order number is written on the vouchers.
- ↵ Pay-Order Register and the vouchers along with the register are sent to the officer-in-charge for checking and signature.
- ↵ After officer-in-charge's signature, the pay-order and the voucher are sent to Manager/Second officer for second signature.
- ↵ Acknowledgement of the purchasers of P.O. shall be obtained on the back of the counterfoils of the instruments.
- ↵ The vouchers are sent to Account Department.

**Payment of Pay-Order**



Payment in cash: When pay-order is presented for encashment similar procedure is adopted as explained in the foregoing for payment of Demand Draft in cash. It also paid by clearing /transfer delivery /cash transfer Procedure is similar to that explained in paras of Payment of DD through clearing transfer delivery and cash transfer.

### **Balancing of remittance accounts**

- ✓ D.D. Payable, T.T. Payable, P.O. issued, D.D. Paid without Advice accounts should be balanced on monthly basis.
- ✓ The balances are agreed with the figures of concerned Subsidiary Accounts.

## Issuance of Duplicate Instruments

### ➤ **Issue of duplicate pay-order**

- ✓ In addition to obtaining application from the purchaser, a confirmation should also be obtained from the beneficiary to the effect that the instrument has been lost or not received by him/them.
- ✓ Head Office is informed regarding loss of the P.O. for circulation to the branches.
- ✓ An indemnity bond affixed with special adhesive stamp of Tk.150/- is obtained from the applicant.
- ✓ A note to this effect is made on the original application form and the Pay-Order Issued Register.
- ✓ The indemnity bond is kept in the "Indemnity Bonds for duplicate instruments issued file."
- ✓ The Pay Order is issued marked "Duplicate" in Red Ink.





➤ **Issue of duplicate demand draft**

- ✓ On receipt of application from the purchaser of the draft regarding its loss and issue of duplicate one, the signature of the applicant is verified from the original application.
- ✓ Head Office is informed of the loss of DD immediately and the drawee branch is informed of the loss of draft number and requested to exercise caution by letter or telex. The telex charges if incurred are recovered from customer.
  
- ✓ On receipt of confirmation from the drawee branch that the draft is still outstanding in their books and that caution is being exercised by them, a duplicate draft is issued to the purchaser after obtaining an Indemnity Bond in Bank's prescribed format.
- ✓ The draft is issued marked "DUPLICATE" in red ink, repeating the original printed number, striking out the present printed number and giving the original controlling number.
- ✓ A note to this effect is made on the original application form and the Drafts Issued Register.
- ✓ Drawee branch is advised regarding issuance of the duplicate draft.
- ✓ The indemnity bonds are kept in "Indemnity Bonds for duplicate instruments issued File."



## Cancellation of Instruments

### ➤ **Cancellation of pay-order**

- ↪ On receipt of application along with pay-order for its cancellation, the signature of applicant is verified from the original application form.
- ↪ Before the pay-order is cancelled it is ascertained that no duplicate pay-order has been issued. The pay-order is cancelled and kept with the debit voucher.

### ➤ **Cancellation of demand draft**

- ✓ On receipt of application along with the Demand Draft for its cancellation the signature of the applicant is verified from the original application form and the genuineness of the Demand Draft is examined.
- ✓ Before the draft is cancelled it is ascertained that no duplicate draft has been issued.
- ✓ The draft is cancelled bearing out the signature thereon, and a note to this effect in red ink is made in the original application form and the Drafts Issued Register and initialed.



- ✓ The cancelled draft is attached with the debit voucher.
- ✓ The branch concerned is advised to this effect with instruction to send IBCA for the cancelled Demand Draft.
- ✓ On receipt of IBCA the entry in Sundry Assets Account-DD cancelled is reversed.
- ✓ No draft should be allowed to be cancelled without obtaining prior confirmation from the drawee branch.

## ***Accounts***

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### Accounting System

The branches of the bank operate as independent accounting unit. They submit statement of affairs and other prescribed returns direct to Head Office where these are consolidated in the



form of a statement showing assets and liabilities of whole Bank as at the close of business on Thursday and at the last working day of each month.

The system of transactions of the bank is essentially double entry system of book keeping. But for quick and accurate recording as well as for arriving at daily financial position specialized form of double entry system book keeping, named slip system under self-balancing method is followed by the bank. The golden principle of debiting or crediting is the same as those of double entry system. In the bank, instead of recording transactions in a journal initially, these are directly recorded and posted in the ledger (computer) separating the debits and credits by slips or voucher system.

## Half-Yearly and Annual Closing of Accounts

### **Half – Yearly Closing**

For ascertaining the financial position of the Bank, accounts are closed as on 30<sup>th</sup> June every year. For Half-Yearly closing many important accounting jobs are to be done about which a detailed circular is issued by Head Office from time to time. Branches will do the needful as required by the circular.



## **Annual Closing**

Annual closing of accounts is done as on 31<sup>st</sup> December every year about which Head Office issues a detailed circular from time to time. Branches will perform annual closing works as per the circular

## Accounting Ratios for Management Use

Our Bank prepares a Budget every year and each branch is given business goals/targets at the beginning of the year. These goals and targets include business goals in the areas like deposit, advance, foreign exchange business, non-funded business, ancillary business, profit etc. The performances of the branches in these areas are reflected in their income, expenses, cost of fund, profit etc. Top management, while appraising the performance of the branches, frequently needs much information which may help in judging and rating the performance of the branches and the Bank in the business areas as mentioned above. For helping top management in this exercise, many accounting ratios are to be calculated and analyzed for arriving at decisions for effectiveness and profitability. Not only top management, Branch-in-charge or concerned department(s) can also use these ratios for analyzing performance and improving efficiency of the branches or departments and the Bank.

## ***Foreign Exchange Department***

### Foreign Exchange

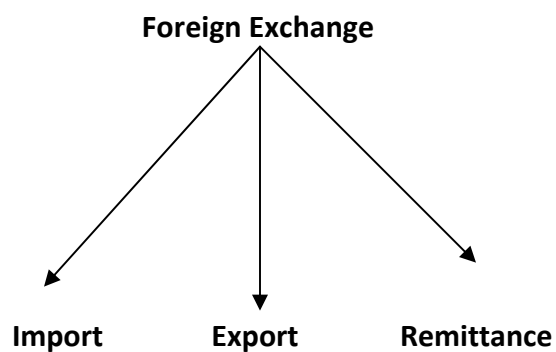
Foreign exchange is an important department of Jamuna Bank Limited, which deals with import, export and foreign remittances. Foreign Exchange is an International Department of the Bank. It facilitates international trade through its various modes of services. It bridges between



importers and exporters. This department mainly deals in foreign currency, that's why it is called foreign exchange department.

This department is playing an important role in enhancing export earnings, which aids economic growth and in turn it helps for the economic development. On the other hand, it also helps to meet those goods and service, which are most demandable and not adequate in our country.

**Foreign Exchange Department is divided in to three sections -**



➤ **The Documentary Letter Of Credit**

Letter of credit is a credit contract where the Opening/Issuing Bank is committed to place an agreed amount of money at the beneficiary's disposal under some agreed conditions.

➤ **Forms of Documentary Credit**



- ↪ **Revocable Credit:** A revocable credit is one where the issuing bank is at liberty to revoke that is it can cancel the credit at any time. According to UCPDC (Uniform Customs for Practice of Documentary Credit), a revocable credit may be amended or canceled by the issuing bank at any time and without prior notice to the beneficiary before shipment of consignment against the L/C.
- ↪ **Irrevocable Credit:** An irrevocable L/C is one, which cannot be revoked or amended by the bank with the concurrence of the interested party.

#### Some important terms of Letter of Credit

**AMENDMENT OF CREDIT:** Sometimes the importer may require amendment to be made in the L/C, but this amendment must be made within the consent of exporter, otherwise amendment will have no validity.

**ADDING CONFIRMATION:** Sometimes the importer may not rely on the L/C issuing bank. Exporter requires the L/C to be confirmed by another bank situated in his country. Then on request of issuing bank, any bank in exporter's country gives guarantee about the payment. This is called confirming bank. By adding such confirmation, confirming banks undertake the liability to honor the bill of exchange of exporter.

**VALIDITY AND EXPIRY OF CREDIT:** All L/C must mention the expiry date of L/C within which the documents for payment /acceptance must be presented. This must exceed the date of issuance of the bill of lading or other shipping documents, during which presentation of documents for payment/acceptance must be made.



**FOB (FREED ON BOARD):** Under FOB basis, the exporter quotes the price covering all his expenses until the goods duty packed are delivered “on board”, the carrying vessel named and arranged by the buyer with the freight and the insurance being paid by the buyer. The importer bears any cost incurred and all risks from the time the goods are placed on board inclusive of those arising out of the ship’s failure on berth.

**COST AND FREIGHT(C & F):** In this case the exporter quotes the FOB price plus insurance cost. The responsibilities of carrying out all formalities for shipment of the goods developed upon the seller.

**CIF (COST, INSURANCE AND FREIGHT):** Under CIF, the exporter quotes C&F price plus the insurance cost. The responsibility of carrying out all formalities for shipment of the goods develop upon the seller.

**FAS (FREE ALONGSIDE SHIP):** Under FAS, the seller quotes the price covering all his charges until such time as goods are loaded on Train at the specified railway station. The buyer is responsible for all charges from the time he takes delivery of all goods from the exporter’s yard.

**EX-FACTORY:** The seller quotes the price of the goods ex-factory on the date agrees. The importer is responsible for all further necessary arrangements and charges.

**PARTIES TO LETTER OF CREDIT**

1. Importer (Buyer)/Applicant
2. The issuing Bank (Opening Bank)





3. The Advising Bank/Notifying Bank
4. Exporter/seller
5. Confirming Bank
6. Negotiating Bank
7. The paying/Accepting/Remitting Bank

**APPLICANT:** The person who request the bank (opening bank) to issue letter of credit. As per instructing and on behalf of the applicant bank opens L/C in line with the terms and conditions of the seller contract between the buyer and the seller.

**OPENING BANK/ISSUING BANK:** The bank which open/issue letter of credit on behalf of the applicant/importer. Issuing bank's obligation is to make payment against presentation of documents drawn strictly as per terms of the L/C.

**ADVISING/NOTIFYING BANK:** The bank through which the L/C is advised/forward to the beneficiary (exporter). The responsibility of the advising bank is to communicate the L/C to the beneficiary after checking the authenticity of the credit. It acts as an agent of the issuing bank without having any engagement on their part.

**BENEFICIARY:** Beneficiary of the L/C is the party in whose favor the letter of credit is issued. Usually they are the seller or exporter.

**CONFIRMING BANK:** The bank which under instruction in the letter of credit adds confirmation of making payment in addition to the issuing bank. It is done at the request of the issuing bank having arrangement with them. This confirmation constitutes a definite undertaking of the part of confirming bank in addition to that of issuing bank.



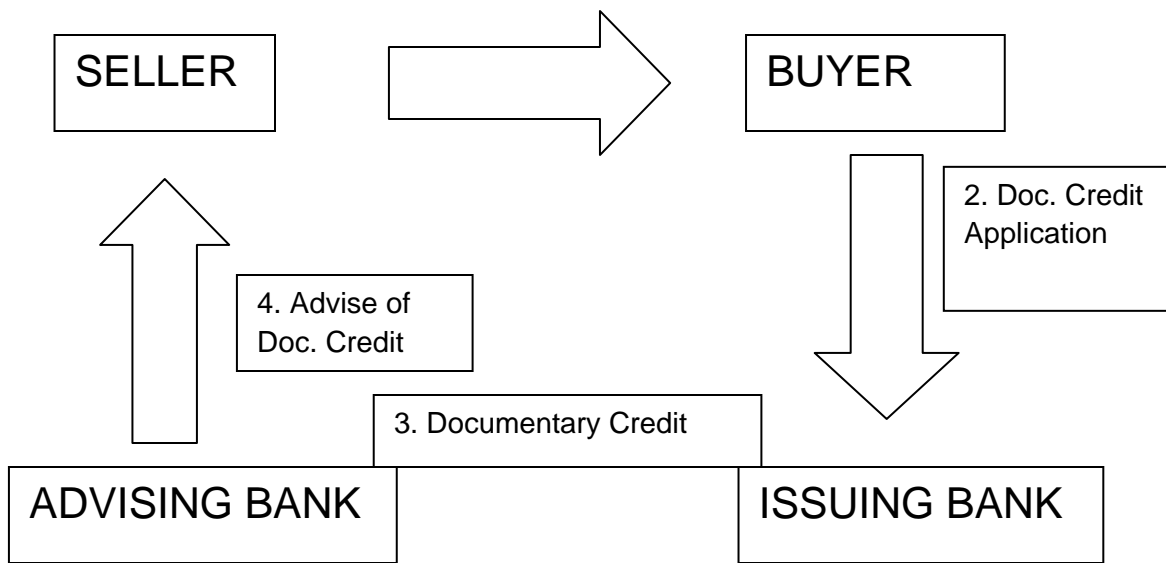
**NEGOTIATING BANK:** The bank which negotiates documents and pays the amount to the beneficiary when presented complying credit terms. If the negotiations of documents are not restricted to a particular bank in the L/C, normally negotiating is the banker of the beneficiary.

**REIMBURSING / PAYING BANK:** The bank nominated in the letter of credit by the issuing bank to make payments stipulated in the document, complying with reimbursing bank.

**Beneficiary**

**1. Contract**

**Applicant**



**Figure: The Documentary Credit Cycle**

The Plan of Payments By Means Of the Letter Of Credit

➤ **The description of process**

1. The contract is concluded between the importer and exporter.



2. The importer addresses in serving bank with the request to let out irrevocable the letter of credit (to open the letter of credit) according to condition to the contract and transfers the sum of a covering under the letter of credit.
3. The bank of the buyer opens the required letter of credit and the bank-correspondent asks to notify the supplier on opening the letter of credit.
4. Straight Bank (the bank-correspondent of the bank-emitter) informs the supplier on opening of the letter of credit.
5. The exporter organizes transportation of the goods by means of the conclusion of the agreement with the transport or insurance company and receives the transport invoice or insurance policy.

The exporter gives, according to the contract, the following documents:

- Proforma Invoice,
- Commercial Invoice,
- Bill of loading,
- Insurance policy,
- Packing sheet/list,
- Certificate of quality,
- Others.

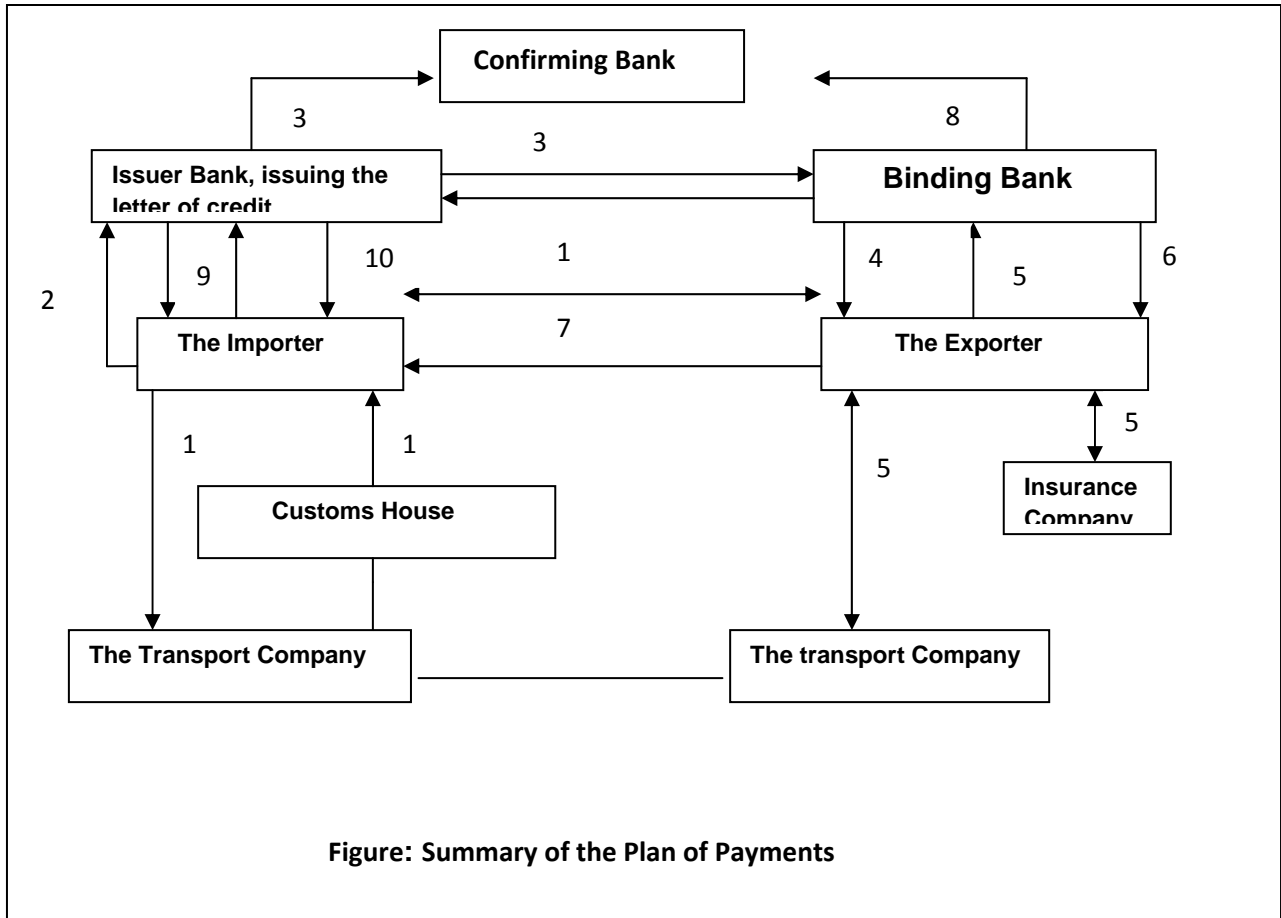
And other documents straitening to bank for payment under the documents. It is supposed, that all documents correspond to conditions of the letter of credit. In this case we proceed from the assumption, that straitening and executing bank is the same.

6. The executing bank checks all the documents on conformity to the letter of credit and if not it is found out of any divergences are found out; executing bank can work with one of the following ways:



- ✓ To send the documents for collection to Bank-Emitter,
  - ✓ To pay the documents after reception from the exporter of the letter of guarantee,
  - ✓ To pay the documents after reception of consent with divergences from the Bank-Emitter.
7. Executing Bank sends the documents to the bank-emitter according to the conditions, stipulated by the letter of credit.
  8. Executing bank sends the requirement about a covering (with the invoice of the addressee under the letter of credit) to confirming bank.
  9. The Bank-Emitter notifies the buyer on arrival of the documents.
  10. The importer receives from the bank-emitter the documents.
  11. The importer gives the invoice of the transport company for reception of the goods.
  12. After reception if the goods from the transport

## **The Plan of Payment**



➤ **Modes of Sales of Goods**



1. **Cash in advance:** Risk is minimum. The proforma invoice is issued.
2. **Open Account:** Goods are sent first and payment is made afterwards. There are no intermediaries. Proforma invoice is used here as well.
3. **Documentary Collection:** Same as an open account but the use of bank as an intermediary. Here the risk is zero. Here the bank acts like an agent.
4. **Documentary Credit:** L/C

Here modes 1, 2 and 3 are built on good faith and relationship, but mode 4 comes with a third party guarantor.

➤ **Back-to-Back L/C**

Back-to-back L/C means one credit backs another. It is new credit in favor of another beneficiary. Sometimes beneficiary seller of a credit himself is unable to supply goods specified in the L/C and required to purchase from another supplier by opening second credit. Besides, the formalities and requirements for (L/C opening) the following formalities and documents are also required for opening back-to-back L/C

1. Master L/C
2. Valid bonded ware house licenses
3. Quota allocation for quota items
4. ERC in addition to IRC
5. Indemnity/Undertaking
6. No objection from previous banker
7. Factory inspection certificate
8. BGMEA Membership

## ***SWOT Analysis***

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➤ **STRENGTH**

- ✓ Stable Source of Funds
- ✓ Largest Portfolio Among PCBs
- ✓ Strong Liquidity Position
- ✓ Low Cost Fund
- ✓ Satisfactory Profitability

➤ **WEAKNESS**

- ✓ Marginal Capital Adequacy
- ✓ Lack of Strong Initiative to Explore Investment Opportunity Through Research And Marketing
- ✓ IT & E-Banking Status Dose Not Match With Other Banks

➤ **OPPORTUNITY**

- ✓ Scope of Whole Sale Banking with NBFIs
- ✓ Increasing Awareness of Banking System
- ✓ Credit Card Business

➤ **THREATS**

- ✓ Increased Competition In The Market For Quality Assets
- ✓ Supply Gap Of Foreign Currency
- ✓ Overall Liquidity Crisis In Money Market

## ***Recommendation***

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Though Jamuna Bank Limited tries to give the best customer support, they have some lake and linkage compare to other bank of the same generation. The recommendations for this report are-

- ✓ The authority should recruit more employees to serve the customers. They can recruit experienced employee as well as fresh graduate.
- ✓ The bank should introduce more products based on the market demand.
- ✓ The bank should reduce their minimum balance to attract more customers.
- ✓ The salary of the worker need to be rise, as a result experienced people from other bank will be attract to join Jamuna Bank Limited.
- ✓ Jamuna Bank Limited should offer international credit card, because in modern world the use of increasing paper currencies is decreasing.
- ✓ Beside social work the bank have to be more serious to get better position in CAMEL retting.
- ✓ The bank can open more branches to reach to more customers.
- ✓ The bank can open branches or foreign booth because many people send money from abroad every year to Bangladesh.
- ✓ The bank should finance to the consumer goods, because many people in the country wants to buy consumer goods from bank loan.
- ✓ The marketing department of the bank should more efficient to reach at the hart of the customer.
- ✓ For the success of any organization, employee satisfaction is one of he most important factor and JBL authority have to look about it.
- ✓ The bank should be more profit concern as well as took part to the economics development of the country.
  
- ✓ The departments of the bank should more efficient to make profit by satisfying customers.
- ✓ The bank should use printed instruments like cheque, pay orders etc.



- ✓ Being a clear transparent the bank can provide the best support to the customer as earn profit.

Jamuna Bank Limited is bank of new generation. Though my report is on general banking, I tried hard to cover all about the customer and their behavior with the bank.

For a banking operation deposit is one of the most important factor as well as remittance, clearing, cash are also part of general banking and customers are directly related with these department. By making proper interaction among the departments the bank can give the best support to the account holders. On the other hand, if the customers are satisfied they will bring more new customers and this process will be continuing. JBL is the best bank, which provides a large fund to develop the society, and the bank has to continue this process. Finally “Jamuna Bank Limited” – ‘Your Partner for Growth’ must be a true partner of the customers.

## ***Conclusion***

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As an organization the Jamuna Bank Limited has earned the reputation of top banking operation in Bangladesh. The organization is much more structured compared to any other bank operating local or foreign in Bangladesh. It is relentless in pursuit of business innovation and improvement. It has a reputation as a partner of consumer growth.

With a bulk of qualified and experienced human resource, Jamuna Bank Limited can exploit any opportunity in the banking sector. It is pioneer in introducing many new products and services in the banking sector of the country. Moreover, in the overall-banking sector, it is unmatched with any other banks because of its wide spread branch networking thought the country.

This report tries to figure out most of the indicators of problems and strengths of Jamuna Bank Limited as a valid pretender in the competitive banking sector of Bangladesh. A severe cut throat competition is going on currently in this sector and that's why Jamuna Bank Limited has to work out with different dimensions like – product diversification, market forecasting, proactive activities undertaken by Jamuna Bank Limited and some suggestion to get rid of the predicaments that exist.

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