

# BRAC UNIVERSITY



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

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## LETTER OF TRANSMITTAL

23April, 2017

Dr. Sumon Paul Chowdhury

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Sub: To accept the internship Report on “General Banking Operation of Mercantile Bank Limited (MBL), Engineers’ Institute Branch”.

Dear Sir,

I would like to thank you for giving me the opportunity of doing this assignment to prepare the Report. The report contains a comprehensive study on General Banking Operation of Mercantile Bank Limited. It focuses on general banking activities and services that are available at Engineers’ Institute branch of Mercantile Bank Limited.

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

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

Sincerely yours,

---

Name: Sharifa Nasirin Aniva

ID: 05264031

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## LETTER OF ENDORSEMENT

This is to certify that internship report on "General Banking Operation of Mercantile Bank Limited (MBL)" is done by Sharifa Nasirin Aniva, ID: 05264031 as partial fulfillment of the requirement of MBA program from the BRAC Business School, BRAC University.

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

---

Signature of the Supervisor

Dr. Sumon Paul Chowdhury  
Assistant Professor  
BRAC Business School  
BRAC University

## ACKNOWLEDGEMENT

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

I would also like to thank **Md. Asmay Azam**(First Vice President & Manager Operation), **Md. Mahabub Alam** (Officer, SME Finance), Mr. **Rakib Khan** (Trainee Assistant Officer), **Mr. Aminul Islam** (First Assistant Vice President), **Mahadi Hasan** (Executive Officer) of Mercantile Bank Limited for sparing their valuable time in giving me the information and the opportunity to work with them. I gathered practical knowledge that was needed in order to make this internship program successful.

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

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

## EXECUTIVE SUMMARY

In today's world Bank becomes an essential part in our life. It acts as safeguard of our wealth. Numbers of banks are increasing. That's why competition is increasing also day by day. At today's competitive age Mercantile Bank creates its image through its services to the customers.

Mercantile Bank Limited (MBL) has started its operation on 2<sup>nd</sup> June 1999. Numerically it is no doubt just another commercial bank, one of the many now operating in Bangladesh, but the founders are committed to make it a little more different and a bit special qualitatively. This bank has new vision to fulfill and a new goal to achieve. It will try to reach new heights for realizing its dream. Mercantile Bank Limited – Banglar Bank, is not a mere slogan. The Bank has been manned with talented and brilliant personnel, equipped with most modern technology so as to make it most efficient to meet the challenges of 21<sup>st</sup> century. As regard the second slogan of the bank efficiency is our strength is not a mere pronouncement but a part of our belief which will inspire and guide us in our long and arduous journey ahead.

I have worked in Engineers' Institute branch of Mercantile Bank Limited, as an intern. So in this report I mainly focus on the activities, problems and solutions of this branch.

In this report at first I described MBL as a banking organization and then analysis background and development of the bank. The report provides a general view on Mercantile Bank Limited, theoretical aspects related to general banking as well as gives an idea about customer services provided. But I mainly describe those general banking services that are available at Engineers' Institute Branch. Here I also discuss the credit department and foreign exchange services in short. This study also tries to clarify the operating procedures of general banking department of MBL as a commercial bank and also tries to identify some aspects of further improvement in operations. I have included various points inside the report to highlight the general banking sector's performance of Mercantile Bank Limited.

At last, I find some problems of the bank that are hurdles to the improvement of this bank. To overcome these problems, I have suggested some recommendations and conclude the report.

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# Chapter 1

## **Background of the Study**

The internship program which is necessary to complete the MBA program exercise a significant importance as it enables a student to familiar with the practical business activities. I work closing with the people of an organization and learn about the function of that organization. This program enables me to develop his analytical skills and scholastics attitude.

## **Objective Of the study**

This reposting study will aim at focusing on General Banking services and their performance analysis in Bangladesh. In addition to this a comparative observations would be made with other commercial banking operation. The objectives are:

- To draw a clear scenario of General Banking activities
- To analyze the performance of Mercantile Bank Ltd regarding customer care
- To know about the modes of attracting more customers of Mercantile Bank Ltd.
- To focus on products, services and financial condition of Mercantile Bank Ltd
- To expose strengths and weakness of Mercantile Bank Ltd in comparison with competitors.

## **Sources of Data /Information**

### **Primary sources:**

- Practical work exposures regarding the customers/ users of different services of Mercantile Bank Limited.
- Observing procedures of different banking services.

## **Secondary sources:**

- Annual Reports of Mercantile Bank Limited.
- Periodicals published by Bangladesh Bank.
- Various books, articles, compilations etc.
- Different brushier of the bank.

## **Limitations of the study**

Every process usually carries limitations with it. This study is not an exception. The limitations that I faced on my way to this internship report are stated below:

Data availability was another big issue here because bank was not willing to disclose few confidential information regarding their strategies and plans.

Mercantile Bank Limited is one of the best private bank, were sometime unable to spare much time for discussion.

# Chapter 2

## **Name and Historical Background of the Bank:**

Mercantile Bank Limited was established on 20 May 1999; and commenced commercial banking operation on 2 June 1999. It is a public limited company with limited liability under the bank companies act, 1991. Their shares are listed in Dhaka Stock Exchange and Chittagong Stock Exchange. The bank provides products and services in retail banking, corporate finance, Islamic Finance, asset management, equity brokerage and security. It has 109 branches in Bangladesh and employs around 2,000 employees.

## **Vision of MBL:**

Would make finest corporate citizen

## **Mission of MBL:**

Will become most caring, focused for equitable growth based on diversified deployment of resources and nevertheless would remain healthy and gainfully profitable bank

## **Objectives of MBL:**

### **Strategic objectives**

- ▶ to increase shareholders' value
- ▶ to achieve economic value addition
- ▶ to be market leader in product innovation
- ▶ to be one of the top three financial institutions in Bangladesh in terms of efficiency
- ▶ to be one of the top five financial institutions in Bangladesh in terms of market share in segments we serve

## **Core Values of MBL**

### **1. Customer delight**

Customer satisfaction pervades all our activities. We appreciate that Customer's satisfaction is critical for our success.

### **2. Innovation**

Spurring innovation for reinforcement of our business.

Origination and materialization of change management for attainment of perfection and we believe change is always constant.

### **3. Ethical Values**

We continue to be responsible, ethical, sincere and transparent in our thoughts and actions.

#### 4. Caring for Human Resources

Realization of latent potentialities of employees, respecting individual worth and dignity to ensure smooth career progression as well as welfare orientation in Human Resources management policy and practices.

#### 5. Commitment

We always keep high on the agenda our commitment towards valued depositors as their trustworthy custodian and to maintain the same spirit for all other stakeholders.

#### 6. Socially Responsible

Constant endeavor to act and respond in a socially responsible manner keeping in mind society and our country.

To care for our environment.

#### 7. Shareholders Value

Creation and Maximization of values for our shareholders.

### **Way Forward:**

More emphasis on SME financing

Achievement of agriculture credit target

All efforts to improve deposits mix by procuring low cost and no cost deposits

Innovation of need based deposits and loans products and services

Incorporate technology based advanced products and solutions

To hire and retain qualified human resources according to need of the bank

To continue and increase CSR activities

To remain compliant in the spirit of law and industry practice

### **Strategies of MBL:**

MBL Bank Limited mainly follows top down approach to take necessary decisions for the company. Basically they follow the centralize strategy where the Head Office of the Bank control and monitor all the activities of its branches. In case of marketing strategy they basically depend on 'word of mouth' as they are already well reputed for its long-term service in the banking industry.

## **Organizational Structure of MBL:**

The organization structure and corporate of Mercantile Bank Limited (MBL) strongly reflect its determination to establish, uphold and gain a stronger footing as an organization which is customer oriented and transparent in its management.

Managing Director (MD) and CEO

Additional Managing Director

Deputy Managing Director

Senior Executive Vice President (SEVP)

Senior Executive Vice President (SEVP)

Senior Vice President (SVP)

Vice President (VP)

First Vice President (FVP)

Assistant Vice President (AVP)

First Assistant Vice President (FAVP)

Principal Officer

Senior Executive Officer

Executive Officer

Officer

Assistant Officer

# Chapter 3



## **General Banking Department:**

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

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

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

## **Account Opening Section**

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

When the customer wants to open an account he/she requires collecting the form from the bank. The account opening officer in the general banking verifies the information provided by the customer and the documents. Once the customer has fulfilled all the criteria, the officer opens the account.

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

MBL has the following types of accounts:

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

## **Current Deposit (CD) Account:**

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

### **Different types of Current Deposit:**

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

### **Required Documents:**

1. Name of applicant(s) together with name(s) of parents and spouse(s)
2. Present and Permanent Address
3. Date of Birth
4. Nationality
5. TIN (if any)
6. Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving Licence / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Parishad
7. Two copies of recent passport size Photographs of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder
9. Copies of Utility Bills, viz. Electricity Bill / Land Phone bill / Cell Phone Bill / Gas Bill / WASA Bill, etc. in the name of applicants.

This account has been designed and developed for savers who want to save their income. There are restrictions of withdrawal in both amount and frequency. Here the interest rate is 5.00%.

### **Savings (SB) Account**

This account has been designed and developed for savers who want to save their income. There are restrictions of withdrawal in both amount and frequency. Here the interest rate is 5.00%.

### **Different types of Savings Account:**

1. Individual (Single).
2. Two or more individuals (joint) who are not partners
3. Minor jointly with Natural / Legal Guardian

4. Clubs / Societies / Associations or Similar Institutions / non-profit organizations

**Fixed Deposit (FDR) Account:**

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

**Different types of FDR Account:**

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

**Opening of Fixed Deposit Account:**

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

**FDR Rates:**

<b>Period</b>	<b>For any Amount</b>
1 Month	5.00%
3 Month	6.50%
6 Month	6.75%
12 Month	7.00%

**Required Documents:**

1. Name of applicant(s) together with name(s) of parents and spouse(s)
2. Present and Permanent Address
3. Date of Birth

4. Nationality
5. TIN (if any)
6. Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving Licence / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Parishad .
7. One copy of recent passport size Photograph of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder .

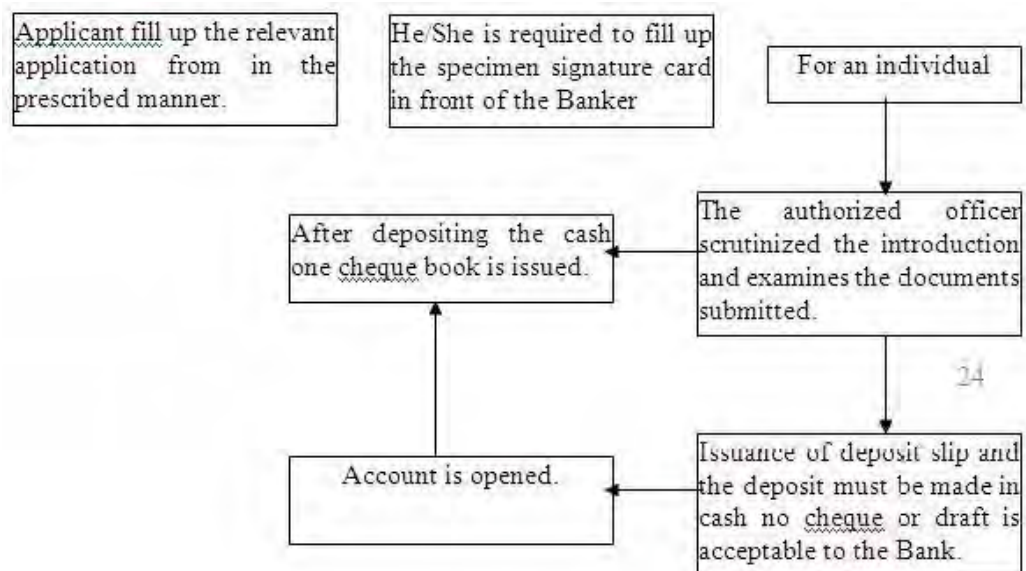
### **Special Noticed Deposit Account**

Any individual or corporate body can open Special Notice Deposit Account, which is an interest bearing deposit account, for a short period of time. However, 7 days of notice is required if the customer wishes to withdraw money from this account. Interest rate on SND accounts will be varied based on the amount and not on the customer or tenure.

### **Features and Benefits:**

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

### **Procedure to open an Account in Chart**



## **Deposit Schemes :**

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

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

### **MBL has formulated the following Savings Schemes:**

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

### **Double Benefit Deposit Scheme (DBDS):**

#### **Objectives**

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

#### **Mode**

Tenure of the deposit is 7 Years 6 Months.

#### **Rates**

<b>Tenure</b>	<b>Effective Interest Rate</b>
7 Years 6 Months	9.69%

## **Family Maintenance Deposit (FMD)**

### **Objectives**

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

### **Mode**

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

### **Rates**

<b>Particulars</b>	<b>Rate</b>
FMDS	8.73% (3-5 years, Tk. 700/- per Lac)

## **Monthly Saving Scheme (MSS)**

### **Objectives**

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

### **Mode**

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

### **Installment & Benefits:**

Period	Simple Interest Rate	Effective Interest Rate
3 Years	9.004%	9.38%
5 Years	9.004%	9.38%
8	9.004%	9.38%

### **Quarterly Benefit Deposit Scheme**

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

#### **Rates:**

Particulars	Rate
QBDS	9.06% (Tk. 2,175/- per Lac)

### **1.5 Times Benefit Deposit Scheme :**

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

### **Education Planning Deposit Scheme:**

This scheme is formulated with a view to meet the responsibility of initiating measures to ensure social sustainability. It is unanimously resolved that 'Education is the backbone of a nation'. Thus helping to promote the education is virtually aiding to build the nation and thus forming a sustainable society wherein, the Bank eventually operates. In the long run, this would indeed aid the Bank to achieve steady and sustainable growth and enhance shareholders' value. Furthermore, Bank's declaration

to bear all expenses relating to death of the customer would also broaden the Bank's Corporate Social Responsibility (CSR) as well.

### **Rates**

<b>Particulars</b>	<b>Rate</b>
EPDS	9.27%

### **Super Benefit Deposit Scheme**

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

### **Rates:**

<b>Particulars</b>	<b>Rate</b>
SBDS	8.14% (Tk. 1,000 per month per 170,000/-)*

### **Issuing Cheque Book to the Customers :**

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



### **Issuance of Cheque Book (Existing Account)**

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

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

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

### **Transfer of an Account**

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

### **Closing of an Account**

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

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

An application to close the account from customer is received.

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

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

### **3. Remittance Section**

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

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

## **Pay Order(PO):**

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

### **Procedure for Issuing PO:**

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

### **Procedure of Payment of PP:**

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

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

## **Demand Draft(DD) Issue**

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

### **Process of issuing Local draft:**

- Followed procedures are followed while issuing local draft-
- Calculate the total amount including the bank's commission.

- If the cheque is presented for of the local draft, the officer should get the cheque duly passed for payment by the authorized person and record the particulars of local draft on the back of the cheque.
- If the client wants to debit his account for the payment of the draft amount, the officers should get the account holder's signature verified properly, from signature card on record of the branch and debit clients account for the total amount including commission.
- The first copy of the application form will be treated as Debit Ticket while the second copy will be treated as credit Ticket and kept by the GB. The third copy is handed over to the applicant as customer's copy.
- The GB Department maintains a prescribed L.D. Issue Register. All the required particulars of LDs is sued and should be entered in that register duly authenticated.

### **Issue of Duplicate Draft:**

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

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

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

□  
The head office on receipt of the request from the issuing branch will immediately issue a caution circular to all the branches regarding the lost of the local draft asking them to record stop Payment.

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

## **Telegraphic Transfer(TT)**

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

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

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

### **Procedure of Issuing TT:**

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

### **Payment of TT:**

- When a TT arrives through telex, it is sent to the respected officer for the verification of the test number. If the test number is OK, the officer write down “Test Agreed” on it and sign it. Otherwise a message is sent back to the issuing branch for the correction of the test number.
- After agreeing the test, the branch issues a debit voucher and a credit voucher debiting the issuing branch and crediting the payee’s account. Branch also issues a credit advice slip addressing the payee informing him/her about the arrival of the money.
- Later on, when the confirmation slip arrives the contra date, on which the payment was made, is put on it and the officer signs it.
- The test number on TT is a security measure for the bankers. The computer section of MBL supplies some arbitrary numbers to each branch of the bank. At the time of issuing the TT, the issuing branch codes the numbers and puts the total figure on the TT voucher. This number is known as test number.

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

- One number for issuing branch say——101
- One number for responding branch say—150
- One number for the month of issue say —100
- One number for the day of issue say ——50

- One number for the amount say —————600
- So the test number of the TT is—————1001

#### **4. Account Section:**

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

#### **Functions of Accounting Department:**

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

a. **Day to day functions:** Here day-to-day function refers to the everyday tasks.

Accounting department of MBL performs the following day to day functions:

- I. Recording of transaction in the cashbook, general and subsidiary ledger.
- II. Preparing the daily position of deposit and cash.
- III. Making the payment of the expense of the branch.
- IV. Recordings of inter branch fund transfer.
- V. Checking whether all the vouchers are correctly passed.
- VI. Recording the voucher in the voucher register.
- VII. Packing and maintains the total debit and total credit vouchers.

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

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

#### **5. Clearing House**

According through the 37(2) of Bangladesh Bank Order 1972, which are the member of the clearing house, are called as Scheduled Bank. The scheduled banks clear the cheques drawn upon one another through the clearinghouse. This is an arrangement by the central Bank where every day representative of the member banks gather to clear the cheques. Banks for credit of the proceeds to the customer's account accept

cheques and other similar instruments. The banks receive many such instruments during the from account holders. The whole process of collection and payment would involve considerable labor, delay, risk and expenditure. All the labor, risk, delay and expenditure are substantially reduced by the representative of all the banks meeting at a specified time, for exchanging the instruments and arriving at the net position regarding receipt of payment.

The place where the banks meet and settle their dues is called the Clearinghouse. The Clearinghouse sits for two times a working day. The members submit the climbable cheque in the respective desks of the banks and vice-versa. Consequently, the debit and credit entries are given. At the debit summation and the credit summation are calculated.

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

### **Outward Clearing Bills:**

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

#### **Procedure:**

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

### **Inward Clearing Bills**

It refers to the instrument drawn on MBL Engineers' Institute Branch received from other Banks in the clearing house by the representative.

If cheques are returned -

- Other branch sends an IBDA to Engineers' Institute Branch.

#### **Procedure:**

1. When instruments are sent to the bank via clearinghouse, it is entered into the clearing in register.
2. The officer checks the instruments thoroughly before it is sent to the computer section for posting.

3. If any kind of error is found in any instrument it is dishonored and sent back with appropriate reason for doing so.
4. The information is then sent back to the clearinghouse for taking appropriate action.

**Procedure:**

1. When instruments are sent to the bank via clearinghouse, it is entered into the clearing in register.
2. The officer checks the instruments thoroughly before it is sent to the computer section for posting.
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4. The information is then sent back to the clearinghouse for taking appropriate action.

**6. Cash Section**

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

**Cash Receipt**

1. Firstly, depositor fills up the Deposit in Slip. There are three types of deposit in slip in this branch. One for Savings Account, one for Current Account and another for Term Deposit Account.
2. After filling the required deposit in slip form, depositor deposits the money.
3. Cash Officers receives the money at cash counter, count it, enter the amount of money in the scroll register kept at the counter, seal the deposit in slip and sign on it with date.
4. Then this slip is passed to another officer who enter the scroll number given by the cash counter in his/her register along with the amount of the money. Sign the slip and keep the bank's part of the slip. Other part is given to the depositor.
5. All deposits of Savings and Current account are maintained by one officer and other accounts by another officers.

6. Entries of both of these registers are cross checked with the register kept at the cash counter to see whether the transactions are correct or not.
7. At the end the officers count the money they received to check whether the amount matched with the total or not.

### **Cash Payment**

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

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

### **7. Dispatch Section**

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

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

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

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

The main objective of this section is –



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

**Books Maintained:**

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

# Chapter 4

## Recommendations

It's not easy to find out solution to these problems within 3 months period. But I think the suggestions that I give will be helpful for increasing the efficiency of MBL.

1. The authority should provide long term training and behavioral training to its employees to provide better service to the customer. So the authority ensuring this facility to provide good customer service, which will bring effectiveness of the bank's operation.
2. In General Banking Department the authority should implement modern banking process instead of "traditional system" It should be more computerized.
3. As the clients do not like introducing system, if possible the rule of introducing to open an account should be changed. Because many people face in problem to arrange an introducer in the time of opening accounts.
4. Bank should offer more facilities to the customers such as credit card, visa card. ATM machine etc.
5. As soon as possible the bank should open more ATM booth in all over the country.
6. Authority should recruit sophisticate technology for conducting SMS Banking services.
7. Now a day's world is going very fast. Now most of the banks open online customer service system. So in order to compete in the world market they should adopt online customer service system.
8. One of the business strategies is promotion. Successful business depends on how they can promote their products or services to the customer. In this connection to improve the business status bank should introduce more promotional programs.
9. As soon as possible the bank should start more branches in Dhaka city as well as the other cities of the country.
10. The recruitment process of the bank is very lengthy and expensive. The bank should reduce the cost and select the employee by restructuring the lengthy process.

## Conclusion

The Mercantile Bank Limited has started its business successfully in Bangladesh in 1999. It has already developed an image of benevolence among its customers through its tremendous services. This success becomes possible because of dedication, commitment and dynamic leadership of its management over the period. The Bank is expanding its business through all over the Bangladesh. At present the Bank has 101 Branches all over Bangladesh. In this modern world banks are very important for the economic development of a country. Banks contribute to SME loan which is very much helpful for the economic development of a country. It helps to reduce the unemployment rate of a country. The Banking Sector is becoming very competitive because a lot of new Commercial Banks have been established in last few years. The

General Banking Department of MBL is also doing well in terms of collecting deposits’.

In the short period of banking business, MBL has shown better performance in every aspect It is not only doing business but also contributing to the society through its service. MBL has already taken a significant position in the private sector banking. If the govt. implements nominal policy, then MBL will achieve their expected goal & will able to contribute a vital role in the socio-economic perspective.

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