



BRAC University

Internship report

On

Overall Performance of Pubali Bank Ltd

Submitted to

Riyashad Ahmed

Assistant Professor & Coordinator

EMBA Program

BRAC Business School

BRAC University

Submitted by

Md. Arifur Rahmam

ID :13164001

MBA Program

BRAC University

Date of Submission: 28th January, 2016

Internship report
On
Overall Performance of Pubali Bank Ltd

LETTER OF TRANSMITTAL

28th January 2016

To

Riyasad Ahmed

Assistant Professor & Coordinator

EMBA Program

BRAC University

Subject: Submission of internship report on “Overall performance of Pubali Bank ”

Dear Sir,

With due respect I am very pleased to enclose herewith the internship report on” **Overall Performance of Pubali Bank** ” I have tried my best to prepare a good report with providing all of my effort and to cover all aspects regarding the matter. I think, the report contains all the information that you need to get an idea about overall performance of Pubali Bank Ltd. If you need any clarification or any further information, I would be glad to provide it to you.

I therefore, hope that you would be kind enough to accept my internship report and oblige thereby.

Sincerely,

.....
Md. Arifur Rahman

ID: 13164001

MBA Program

BRAC University

Declaration of student

This is Md.Arifur Rahman bearing ID: 13164001, student of MBA program of BRAC University, Major in Finance. My Internship report is on Title” Overall performance of pubali Bank ” at Mohajonpotty Branch ,Bhola .The assigned work is done by me partial fulfillment of my MBA degree, as a part of my academic curriculum , under the extensive supervision and guidance of Riyasad Ahmed, Assistant professor of BRAC University.

Signature of the supervisor

Acknowledgement

First of all, I would like to express my gratitude to almighty Allah, whose invisible guidance helped me to complete this report and the course. Although time was very limited for getting the sufficient knowledge about all of banking Knowledge, but the short experience that I gathered information in Pubali Bank Ltd will remain as an asset for all the time to come in my life. I take the opportunity to express my deep sense of gratitude of my reverend supervisor, Riyasad Ahmed, Assistant professor for his valuable suggestion and guidance during the study period that has greatly inspired me in preparing this report successfully.

I am very much grateful to Abdullah Al Mamoon Siddique , Senior Principle officer of Pubali Bank Ltd at Bhola Branch, to assign me as a intern report in this reputed Bank and have opportunity to learn theoretical related to Overall performance of Pubali Bank system and complete such an ambitious study for my internship program as well as for the preparation of this report.

Executive Summary

The report is prepared as part of practical orientation of MBA program a description of all activities done by Pubali Bank, Bhola branch. The report is lively narration of various banking activities like General Banking, loans and advance management and foreign trade financing and other ancillary services.

As a conventional bank branch it has a general banking section where the primary task of deposit collection, maintenance of accounts, cash and all local services are done. It performs the job of fund management on behalf of the whole bank. Other main duty of the department is maintenance of the accounts and dealing with the clearinghouse. The loans and advance section is in charge of proper disbursement of the funds to productive as well as profitable ventures. The foreign trade department is in charge of foreign trade financing. The bank work as both issuing bank, negotiating bank and reimbursement bank to international trading. Remittance of foreign currencies is another important job of the department.

In this age when management requires proper flow of accurate information to run an organization successfully than the banks way of information handling is quite outdated from the view point of sophisticated management information science.

Facts and figures of the branch clearly indicates that the Branch of Pubali Bank Limited is as well run branch and the trends of graphs shows a sign of improvement and expansion of activity in all spears of banking.

Table of Contents

Contents	Pages
Letter of Transmittal	i
Declaration of student	ii
Acknowledgement	iii
Executive Summary	iv
Chapter 1	1
1.1 Introduction	2
1.2 Objectives of the Study	3
1.3 Scope of the Study	3
1.4 Methodology	3
1.5 Sources of Data	4
1.6 Limitation of the study	4
Chapter 2	5
2.1 History of Pubali Bank Ltd	6
2.2 About Pubali Bank Ltd	6
2.3 Present Status of PBL	7
2.4 Vision of Pubali Bank Ltd	7
2.5 Mission of Pubali Bank Ltd	7
2.6 Information Technology in Automation	7
2.7 Management Structure	8
Chapter 3	9
General Banking	11
3.1.1 Procedure	11
3.1.2 Maintenance of the subsidiary register for receipt of cheques, drafts	11
3.2 Account Opening Section	12-13

3.2.1 Classification of Customer	13
3.2.2 Different types of A/C of PBL Principal Office	13
3.2.3 Documents required for opening new account	14
3.2.4 Account opening procedure	14
3.2.5 Precautionary Measures of A/C Opening	15
3.2.6 Formalities for opening Current A/C and STD A/C	15-16
3.2.7 Formalities for opening Private foreign currency A/C	16
3.2.8 Issue of Duplicate cheque book	17
3.2.9 Formalities maintained for closing an account	17-18
3.2.10 Interest rate on deposit	18
3.3 Clearing Section	18-19
3.4 Local Remittance Section	19
3.4.1 Telegraphic Transfer (TT)	19-20
3.4.2 Demand Draft (DD)	20-23
3.4.3 Pay Order	23-25
3.5 Cash	25
3.5.1 Function of cash department	25
3.5.2 Cash Received tools	25-26
3.5.3 Cash Receiving Procedure	26
3.5.4 Cash Payment tools	26
3.5.5 Cash Payment Procedure	27-28
3.6 Accounts Department	28-29

Chapter 4	30
Loans and Advances	31
4.1 Introduction	31
4.2 Manager's Concern	31
4.2.1 How to locate purpose	31
4.2.2 How to locate security	31-32
4.2.3 How to locate borrower	32-33
4.3 Advance Secured and Unsecured	33
4.4 Function of Advance Department	33-34
4.5 Types of Loan	34-37
4.6 Process of Loan	38
4.7 State of Classification and Provision for 5 Years of PBL	39-43
Chapter 5	44
Foreign Exchange	45
5.1 Introduction	45
5.2 International Trade	46
5.3 Function of Foreign Exchange Department	46-49
5.4 Import Section	49-57
5.5 Export Section	57-61
5.6 Exchange rate and foreign remittance	61-64
Chapter- 6	65
SWOT Analysis	66-67
Findings	68
Recommendation	69
Conclusion	70
Acronyms	71
Bibliography	72



Chapter 01

1.1 Introduction

1.2 Objective of the Study

1.3 Scope of the study

1.4 Methodology

1.5 Sources of Data

1.6 Limitation of the study



1.1 Introduction

A bank is a financial institution licensed by a government. Its primary activities include borrowing and lending money. Many other financial activities were allowed over time.

All over the world the element of Banking has been changing speedily due to Technological innovation and Globalization. Banking in Bangladesh has to keep pace with the global change.

Now banks must compete in the market place both with local institution as well as foreign ones.

To survive and thrive in such a competitive banking world, two important requirements are development of appropriate financial infrastructure by the central Bank and development of “Professionalism” in the sense of developing and appropriate manpower structure and its expertise and experience. To introduce skilled Banker, only theoretical knowledge in the field of banking studies is not sufficient. An academic course of the study has a great value when it has practical application in real life situation.



1.2 Objective of the Study

General Objectives:

This study is intended for providing me invaluable practical knowledge about banking operation system in Bangladesh. The prime objective of the study is to examine the performance of Pubali Bank Ltd.

Specific Objective:

- To accomplish the partial requisite of BBA program and achieve of good judgment with theoretical base.
- To have a revelation on the banking environment of Bangladesh.
- To review the consumer banking service and operating system of Pubali Bank Ltd.
- To evaluate the factors affecting performance of the Bank.
- To suggest the better ways of enhancing the performance of the Bank.

1.3 Scope of the study

This report covers the organizational overview of the Pubali Bank Ltd, Management and Organizational Structure, functions performed by the Pubali Bank Ltd. It also covers overview of the general banking, identification of problems regarding general banking, of The Pubali Bank Ltd. Principal Branch.

1.4 Methodology

While conducting the study, sources were explored for primary information and data. But hardly any updated data could be found. In the absence of updated information or data dependence on secondary has been inevitable. However, wherever possibly primary data has been used. Data were also collected by interviewing the responsible officers and from some documents & statements printed by the bank and the website of PBL.

There have been used some statistical tools and graphical representation to find out different types of analytical results and interpretations.



1.5 Sources of Data

The following sources have been used for the purpose of gathering and collecting data as required.

Primary data

1. Practical desk work
2. Face to face conversation with the officers and clients.
3. Official record of PBL.
4. Data collection of own supervision.

Secondary Data

1. Annual report of PBL.
2. Official files and folders.
3. Working papers
4. Selected books.
5. Published and unpublished documents
6. Website.

1.6 Limitation of the study

The limitation of the study is defined by the extensive of the facts covered by the study and those that left out. However, these limitations can be presented in the following lines:

- The the lack of intellectual thought and analytical ability to make in a perfect one.
- I have to offset with quality due to time constraint, which apparently seems to be the most severe limitation.
- Another limitation of this report in non-availability of the most recent data & information of different activities of Pubali Bank policy of not disclosing some data & information for some reasons, which could be very much useful.

In spite of all these limitations, I have tried to put the best effort as far as possible.



Chapter 02

2.1 History of Pubali Bank Ltd

2.2 About Pubali Bank Ltd

2.3 Present Status of PBL

2.4 Vision of Pubali Bank Ltd

2.5 Mission of Pubali Bank Ltd



2.1 History of Pubali Bank Ltd

The Bank was initially emerged in the Banking scenario of the then East Pakistan as Eastern Mercantile Bank Limited at the initiative of some Bengali entrepreneurs in the year 1959 under Bank Companies Act 1913. After independence of Bangladesh in 1972 this Bank was nationalized as per policy of the Government and renamed as Pubali Bank. Subsequently due to changed circumstances this Bank was denationalized in the year 1983 as a private bank and renamed as Pubali Bank Limited. The Government of the People's Republic of Bangladesh handed over all assets and liabilities of the then Pubali Bank to the Pubali Bank Limited. Since then Pubali Bank Limited has been rendering all sorts of Commercial Banking services as the largest bank in private sector through its branch network all over the country.

2.2 About Pubali Bank Ltd

Pubali Bank Limited is a scheduled private commercial bank established on May 20.1984. Licensing no BI/DA/1/84. In exercise of the powers conferred on the Bangladesh Bank under section 28(1) of the banking companies' ordinance 1962 as adopted in Bangladesh Pubali Bank Limited; Bank authorized to open the branch at 26 Dilkusha commercial area (Local Office) P.S Motijheel district Dhaka. Condition mention in this office letter no. BCD(D) 200/42(a)/145. The bank has been widely acclaimed by the business community from small entrepreneurs to large traders and industrial conglomerates within this very short period of time it has been able to create an image for itself and has earned significant reputation in the country's Banking sector as a bank of vision. Presently it has 371 branches in operations Principal branch is one of the big and important branches of PBL.

This intended to ensure the trust and confidence of the customers through focused customer's orientation qualities of services and state of art technology.

The company philosophy-A Bank for the 21st century has been precisely the essence of the legend of the Bank success.



2.3 Present Status of PBL

PBL is one of the largest private sectors Bank in Bangladesh with years of experience. Adaptations of modern technology both in terms of equipment of banking practice ensure efficient service to clients.

2.4 Vision of Pubali Bank Ltd

To excel as best private commercial Bank in Bangladesh with meticulous observance of rules and regulations and commitment to corporate social responsibility.

2.5 Mission of Pubali Bank Ltd

- (A) To get recognition as a dynamic, innovative and customer supportive Bank.
- (B) To maintain continuous & steady growth with utmost transparency and to diversify development of resources.
- (C) To enhance continuous development of information & technology to meet the demand and challenges of the time.

2.6 Information Technology in Automation:

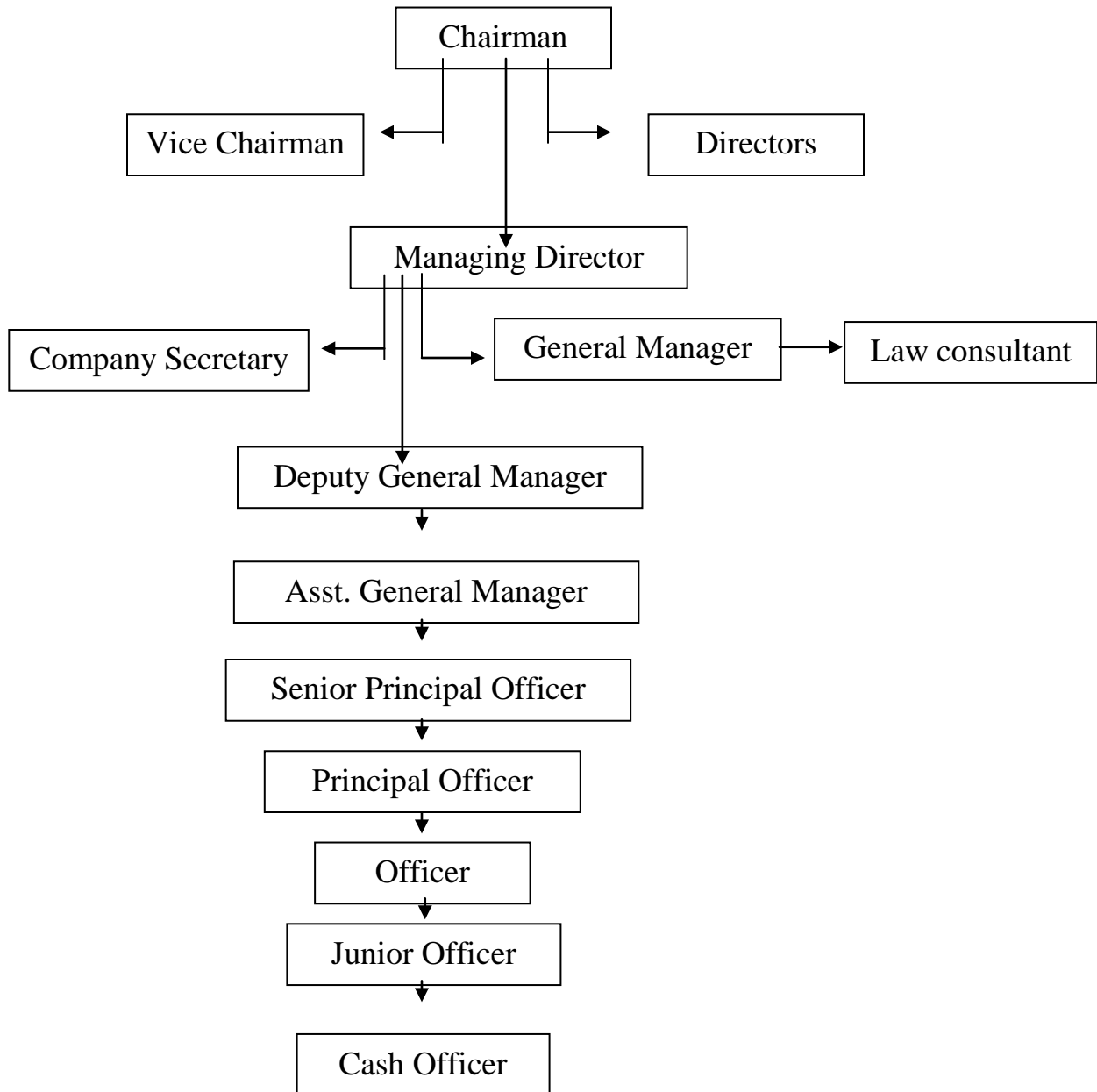
All the 371 branches have been computerized out of which 268 branches have been running successfully with the in-house developed software, PIBS (Pubali Integrated Banking System). Pubali Bank limited has implemented Centralized online Banking system in the year 2008 through its in-house developed software. In the mean time 10 branches in Dhaka, Chittagong and Sylhet have been brought under online banking system and more 40 branches will included during 2009. The remaining branches will brought under online banking system gradually. The bank will also extend services to its customers through internet Banking and mobile phone bank phase wise shortly. The bank has developed Islamic Banking Software and 2 (two) Islamic banking wings will be opened in Dhaka and Sylhet shortly. The bank has entered into the



internet world through its website www.pubalibangla.com and has also been operating automated trailer machine (ATM) and Point of sale (POS) services to meet the demand at the time.

2.7 Management structure:

Organizational Chart of PBL





Chapter 03

General Banking

3.1 Token Issue

3.2 Account Opening Section

3.3 Clearing Section

3.4 Local Remittance Section

3.5 Cash

3.5.1 Function of cash department

3.5.2 Cash Received tools

3.5.3 Cash Receiving Procedure

3.5.4 Cash Payment tools

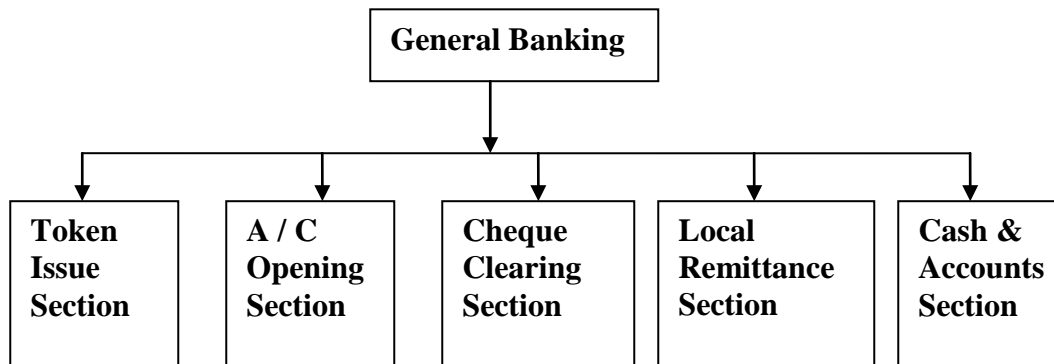
3.5.5 Cash Payment Procedure

3.6 Accounts Department

General Banking

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

According to World Bank, the general people understand the depositing and withdrawal of money and credit financing. But Bank performs numerous types of services. To deal these services bank has to maintain many register/ ledger and documents. Some different jobs that waive the General banking has shown in the following diagram



3.1 Token Issue

The token issue department uses a register book and different types of tokens decorated with different letters for different types of accounts. There are two types of tokens. One is for savings A/C and another is current / other accounts.



3.1.1 Procedure:

The clients will an cash money from his account will show his cheque to the respective officer of the desk. The officer will give him a token with particular number after being sure of his two signatures on the back of the cheque. The officer will give him a token with a particular number on the back of the cheque. The client will then proceed on for encashment. The officer then gives an entry about the token number, account name and the amount in the column of the register book.

The token will be checked by the responsible officer for maintaining at the end of each business day. Tokens are then handed over to the supervising official concern to keep them in a locked box. Tokens are checked once a month by the supervising officer in charge whether tokens is ok or not. When a token is lost it is informed to the head office for a matter of precaution.

3.1.2 Maintenance of the subsidiary register for receipt of cheques, drafts:

At the counter every cheque, demand draft and other credit instrument tender for the credit of the customer's account will be delivered. Deposits received by post will sent by the receiving officer to the bills department against acknowledgment of the dealing officer.

The dealing officer is concerned here about four types entries. They are

1. Local Clearing
2. IBC (Inter Branch Collection)
3. SC (Short Collection)
4. BT (Bank Transfer)

In case of local clearing one bank sends money by cheque or DD which will be collected in the name of the account holder of this branch. This cheque or DD will be taken to the clearing house where agents of all banks exchange these instruments. Important thing is that the paying Bank must be in the local area (Dhaka).



In case of IBC the branches must be of the same banks for short collection, the paying banker is in the area other than Dhaka whereas bank transfer will be between two accounts of the same branch.

The dealing officer of this desk should be aware of the following things about instruments:

- ▣ Name of the account is very clearly written on the deposit slip.
- ▣ Full particulars of the deposit instruments such as cheque numbers, name of bank, etc are properly recorded on the paying slip as required.
- ▣ The pay in slip has been signed by the depositor.
- ▣ Full particulars of the railway receipts and instruments of title goods, bills of exchange, invoice etc. associated with an inland documentary bill received from the depositors direct at the counter or by post from other branches/ banks endorsement thereon.
- ▣ All cheques, bills and other instruments are crossed with crossing seal.

After categorizing all the instruments and checked out the preliminary mandatory things, the dealing officer gives entries in the appropriate column of subsidiary ledger for crediting the accounts.

3.2 Account Opening Section

When a customer want to open a deposit account in bank, he/she will have to go the A/C opening section to know the rules and regulations for opening account and to have the set of documents required. Since PBL is an authorized dealer it can open deposit A/Cs denominated both in Taka and approved foreign currencies.

Deposits are like raw materials out of which credits are created. Deposit accounts are one of the important sources of funds. In order to attract customers the banks offer different facilities to various types of account holders. Competition in accepting deposits takes two forms:

- (a) Improvement in customer service
- (b) Offer a higher rate of interest.



In our country PCBs and foreign banks are appreciated to attract deposit because of their superior customer services. PBL principal office branch with its traditions customer service approaches faces difficulties to draw attention of new customers.

Main functions of account opening are given below:

- To give answers to the queries regarding account opening
- To supply the appropriate type of account opening form
- To put a/c number from a computerized sheet on advice of new account
- To input date into computer from a/c opening form.
- To maintain and update the a/c opening file for different types of accounts.
- To maintain a register for cash type of recording details of a/c opening
- To supply deposit slip books and cheque book on requisition
- To act on request for closing and transferring of deposit a/c
- To act on request for closing and transferring of deposit a/c

3.2.1 Classification of Customer:

- a) Individual (personal)
- b) Proprietorship (Sole traders)
- c) Partnership firms (Register or Unregistered)
- d) Joint Stock Companies (Private Limited and Public Limited)
- e) Municipalities/Municipal Corporations/Local Bodies etc.
- f) Clubs / Societies / Associations /School / Colleges / Universities etc.
- g) Executors /Administrators
- h) Trustees
- i) Illiterate persons
- j) Constituted Attorney
- k) Wage Earners

3.2.2 Different types of A/C of PBL Principal Office:

1. **Current A/C:** Interest free and generously withdrawal.
2. **Saving Bank A/C:** Interest bearing and checkable with some restriction
3. **Short Term deposit:** Usually interest bearing and with draw able on short notice.



4. **Fixed deposit:** Interest bearing and definite period like one year or six month.
5. **Non Resident foreign currency deposit:** All non residents of Bangladesh can open this interest bearing account in the form of term deposit with a minimum amount of \$1000 or equivalent.
6. **Private Foreign Currency A/C:** Bangladeshi National residing abroad or foreign nationals may open this a/c with deposit mode from inward.
7. **Convertible Take Amount:** A type of non-interest bearing current a/c designed especially for foreigners living here.
8. **Private foreign Currency A/C:** Bangladeshi nationals residing abroad or foreign nationals may open this a/c with deposit mode from inward.

3.2.3 Documents required for opening new account:

1. Documents Common for all types of Account & Customers
 - a. Advise of New Account
 - b. Specimen signature cards
 - c. Account Opening Agreement Form
 - d. Photographs of Account Holder
 - e. Deposit Slips Book
 - f. Cheque book Requisition slips
 - g. Letter of mandate is required where necessary.

3.2.4 Account opening procedure:

- a. Applying in a printed application in a certain stipulated form printed by the bank itself.
- b. Supply a set of printed forms required for opening the account which will normally include
 - i) Advise of new Account
 - ii) Specimen Signature Cards
 - iii) Account Agreement
 - iv) Deposit slip Book
 - v) Cheque Book Requisition slip



- c. The account should properly introduced by any one of the following
- i) An existing Current Account holder of the bank
 - ii) Officials of the Bank not below the rank of an Assistant officer
 - iii) A respectable person of the locality well known to the Manager or Sub-Manger of the Branch concerned.

3.2.5 Precautionary Measures of A/C Opening:

- a. Soon after the opening of a new Account a letter of Thanks should be sent to the introducer.
- b. A letter of thanks as per prescribed should also be sent to the account holder immediately upon opening the account, under registered post with a/c for verification of postal address as well as genuineness of the Account holder.
- c. In case of a new account is opened a proprietorship / partnership firm, having local business address, a responsible officer of the branch will inform the firm to obtain the confidential report on the firm.

3.2.6 Formalities for opening Current A/C and STD A/C: These accounts are meant for business firms and corporate bodies. Initial deposit requirement is Tk 5000 in addition to common documents required to open a saving a/c following additional documents will be required for depending upon the nature of the organization.

Joint Account of two or more persons

Mandate for Operation of Account: A clear authority by all the joint A/C holders containing instructions as to who will operate the account and how the account is to be operated should be obtained. The mandate should mention the name of the persons authorized to draw check. In case of death, insanity, insolvency of one or more of the joint a/c holders, the authority will cease to operate:

For sole traders:

- iv) Trade license
- v) A certificate with tax identification number from income tax authority



- vi) Seal
- vii) In case of current account an agreement to accept all responsibilities for all over draws, interest cost and expenditures

For Partnership firms:

- i) Trade license
- ii) Notarized deed of partnership
- iii) A mended in agreement form regarding operation of the account signed by the entire partnership firm
- iv) Sale/ Stump of the firms
- v) 2 copy photo of all partners
- vi) National ID card photocopy for all partners.

For Private and Public Limited Companies

- i) Memorandum and Articles of association
- ii) Certificate of incorporation
- iii) Certificate of commencement of business if it's Public limited
- iv) Copy of board resolution to open a/c certificate by the chairman and secretary
- v) Power of attorney to operate a/c in favor of any one or more of directors.
- vi) Balance sheet and income statement
- vii) List of Directors and their address and chairman certificate.

3.2.7 Formalities for opening Private foreign currency A/C:

Foreign Currency account may be opened in US dollar, Pound Sterling, Douche Mark and Japanese Yen. Credit may be made to this A/C against inward remittance from abroad. Usually this a/c operated like a current a/c but no checkbook are issued against his a/c. Withdrawals may be made through withdrawals slips. Interest may be paid on this a/c if it is maintained in the form of term deposit for a minimum of 90 Day's Bangladeshis' living abroad can open even without initial deposit. A nominee can be appointed.



Documents required: When an eligible person is interested to open an F/C account his passport is to be checked and signature verified. When he is staying abroad his signature is to be verified and attested by –

- i) Bangladeshi embassy on that country
- ii) His banker in this country
- iii) Notary public of that country

Following documents are needed to:

- i) Photocopy of 1st 4 pages of passport
- ii) Photocopy of visa and work permit
- iii) Nominees photo and account no.
- iv) Declaration of source of income.
- v) National ID card photocopy for both a/c holder & nominee.

3.2.8 Issue of Duplicate cheque book:

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

3.2.9 Formalities maintained for closing an account:

- The customer may inform the bank in writing of his/her intension to close the account.
- The customer has to apply to the branch in charge for closing the account. Then the in charge will remark on the account closing application for closing the account.
- By drawing a cheque of the whole amount and a nil balance confirmation to be taken from the account holder.
- Recover the unused cheque leaves and enter into the “Broken cheque book register”



- Remove the account opening form, specimen signature card and all other papers relating to the closed account.
- Remarks of account closing at the ledger folio should be authenticated by the manager or supervising officials
- The banker may itself ask the customer to close the account when the banker finds that the account is not been operated for a long lime.
- If the account is not operated upon for 6 months then the banker will try to do the bilateral communication with the account holder. But if the banker does not get any response from the account holder then the account becomes “Dormant” account.
- If the is not the operated upon for 2 years then the account becomes “inoperative” account.
- A new register for unclaimed deposit account will be maintained called “unclaimed deposit account.
- For withdrawal at any amount from tat account, permission from head office or controlling office wins is required.

3.2.10 Interest rate on deposit:

Interest rate different types of deposit as prescribed by PBL head office from time to time irrespective of size of deposit

Type of Deposits	Interest rates
a. Saving deposit	6.25%
b. Special notice deposit	6.50%
c. Fixed Deposit	8.50%
3 Months	8.00%
6 months	8.25%
1 year	8.50%

3.3 Clearing Section

The Cheque Clearing Section of PBL principal office branch sends Inter Branch Debit Advice (IBDA) to the Head office on the receiving day of the instruments. The main Branch takes those instruments to the Clearing House on the following day. If the instrument is dishonored, Head

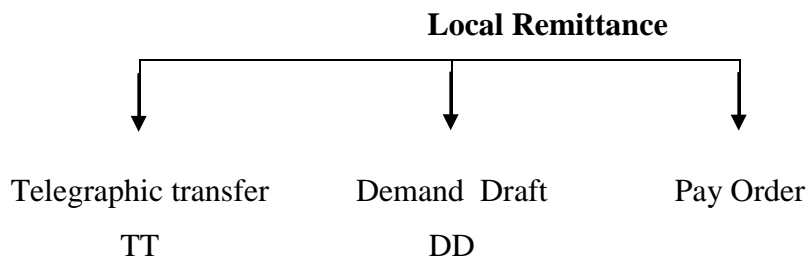


office of PBL, sends IBDA to the PBL, Principal Office branch.
The total procedure takes three days if everything goes orderly.

The Cheque Clearing Section of PBL, Principal Office branch sends Outward Bills for Collection (OBC) to the concerned Paying Bank to get Inter Branch Credit Advice (IBCA) from the paying Bank. If the instruments are dishonored by the Paying Bank, the Paying Bank returns it to the PBL, Local Officer Branch describing why the instruments are dishonored. The procedure takes around a week.

3.4 Local Remittance Section

Local Remittance is used to transfer of funds denominated in Bangladesh Taka between banks within the country. It is an order from the Issuing branch to the Drawee Bank/ Branch for payment of a certain sum of money to the beneficiary. The payment instruction is sent by Telex / Telegram and funds are paid to the beneficiary through his account maintained with the Drawee branch or through a pay order if no a/c is maintained with the drawee branch. The cash department does remittance of cash. Instruments of local remittances at PBL branches are follows



3.4.1 Telegraphic Transfer (TT):

Telegraphic Transfer is a quick mode of remitting funds over telex or Telegram. Now this term has used as Telephonic Transfer also which is faster than previous one for money transfer. Following points have to consider for the TT

1. On receipt of T.T payment instructions the following entries are passed by the Drawee branch if the T.T is found to be correct on verification of Test Number.
 - i) Dr. PBL General A/C
Cr Remittance Awaiting Disposal- T.T Payable A/c

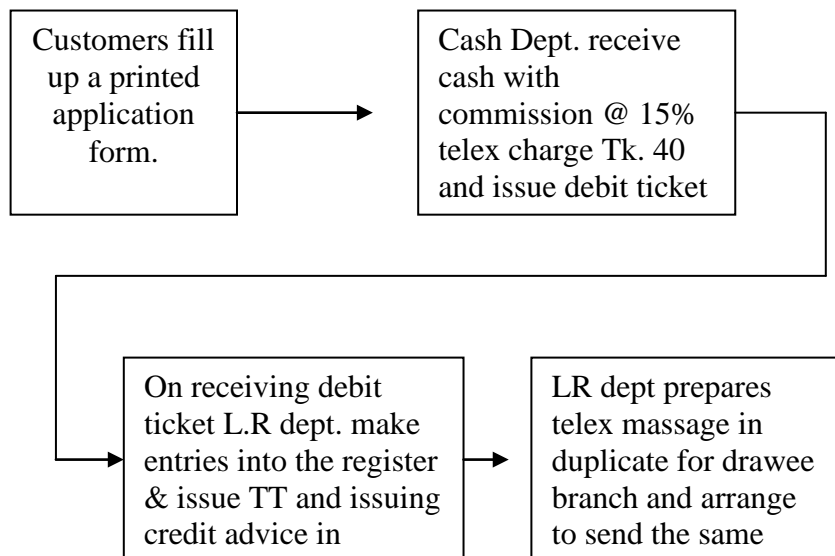


- ii) Dr Remittance Awaiting Disposal-T.T
Payable A/c
Cr Client's Account P.O. A/C.

If the beneficiary does not maintain any a/c with the Drawee Branch a P.O is issued in favor of the payee and sent to his banker/local address as stated.

2. Every branch maintains a prescribed T.T. Payable Register. All the particulars of T.T are to be properly recorded in this Register duly authenticated. A separate type of T.T confirmatory advice is sent to the Drawee branch on the same day. On payment of T.T the particulars are to be incorporated in the Extracts Responding Debit entries as usual as usual and sent to HORC.

Procedure of Issuing TT



3.4.2 Demand Draft (DD):

Demand Draft is an instrument containing an order of the Issuing branch upon another branch known as Drawee branch, for payment of a certain sum of money to the payee or to his order on demand by the beneficiary presenting the draft itself.

Precautions for Demand Draft

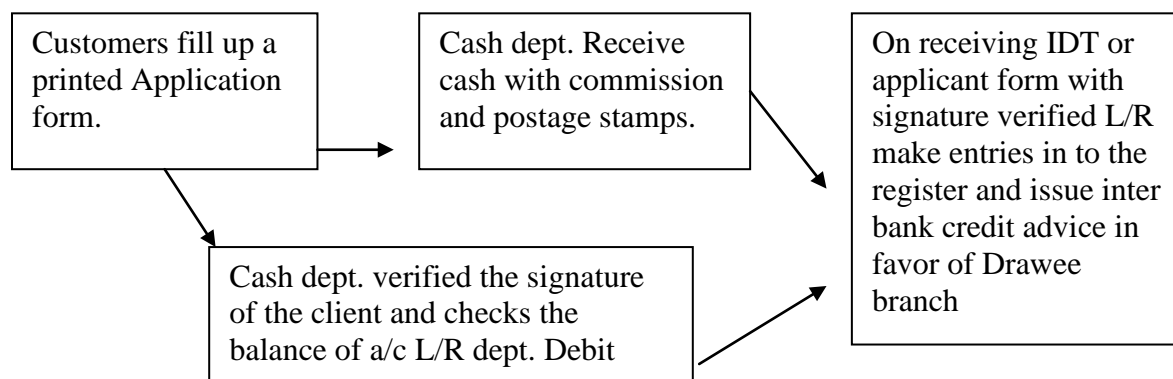
1. Get the application form properly filled up and signed by the applicant.
2. Complete the lower portion of the Application form meant for Bank's Use.
3. Calculate the total amount payable including Bank's commission/charges etc.



4. If a cheque is presented for the payment of the DD officer should get the cheque duly passed for payment by the competent authority and record the particulars of DD on the back of the cheque.
5. If the purchaser desires his account with the branch to be debited for the amount of DD the officer should get the A/c holder's signature verified properly, from signature card on record of the branch and debit client's a/c for the total amount including commission charges etc.
6. If cash deposit is desired, request the purchaser to deposit the money at the Teller's counter.

Each branch maintains a running control serial number of their own for issuance of DD on each Drawee Branch. This control serial number should be introduced at the beginning of each year which will continue till the end of the year.

Procedure of issuing D.D



The Remittance Department maintains prescribed DD Issue Register. All the required particulars of all DD issued should be entered in that Register duly authenticated. Separate folios are opened for each Drawee Branch. While issuing local Draft of Tk. 50,000/- and above, branches shall put a test number in Red-Ink on the upper portion of the drafts so that the drawee branch can immediately make payment of the DD on presentation after getting the Test agreed, if otherwise found in order.

Cancellation of Demand Draft:

The following procedure should be followed for cancellation of a DD:

- 1) The purchase should submit a written request for cancellation of the DD attaching therewith the original DD.



- 2) The Signature of the purchase will have to be verified from the original application form on record.
- 3) Manager/ Sub-Manager's permission is to be obtained before refunding the amount on cancellation.
- 4) Prescribed cancellation charge is to be recovered from the applicant and only the amount of the draft less cancellation charge should be refunded. Commission/Postage etc. Charge recovered for issuing the DD should not be refunded.
- 5) The DD should be affixed with a stamps canceled under proper authentication and the authorized office's signature on the DD should also canceled with Red in but in no case should be torn. The canceled DD should be kept with the relevant ticket.
- 6) The original entries are to be reversed giving proper narration. An (Inter Breach Debit Advice) IBDA for the canceled DD should be issued on the Drawee branch.
- 7) Cancellation of the DD should also record in the L.D Issue Register.

Payment of DD

1. When a DD is presented for payment at the paying branch its details are to be carefully examined with references to the following points.
 - i) Whether the draft is drawn on their branch
 - ii) Whether the draft is crossed or not Amount of a crossed draft is not paid in cash to the payee but to be paid to his account with a bank.
 - iii) Two authorized officials of the Issuing branch must have signed draft. Their signatures are to be verified from specimen signature book let to be sure that the draft is genuine. The verifier should put his initials in red ink against the authorized signature in the draft.
 - iv) Endorsement on the back of the draft must be regular in case the draft is presented through clearing.
 - v) The amount of the draft should not exceed the amount protect graphed written in red ink on the top of the draft.
 - vi) The payee is to be properly identified in case of cash payment.



- vii) The particulars of the draft i.e. the draft number date amount and the name of payee, should be verified from the DD payable Register.
2. On payment the DD is affixed with the branches Paid stamps and signatures there on are canceled with red ink. The data of payment is recorded in the DD payable register necessary accounting entries are also passed and recorded in the books of Account.

As the draft is issued by the Issuing branch, the payee or purchase of the draft cannot give stop payment instructions to the Drawee branch. If a paying branch receives any request from the payee/endorsee or the purchase of a draft for stopping payment of the draft, it will ask them to approach the issuing branch for the purpose. The paying branch should however exercise necessary precaution in this regard. Only the Issuing branch can issue instructions for stop payment of draft under special circumstances. However, if a draft on which stop payment order is received from a court of law the same should be carried out.

3.4.3 Pay Order:

- a. Pay order issue process

For issuing a pay order the client is to submit an Application to the Remittance Department in the prescribed form (in triplicate) properly filled up and duly signed by application. The processing of the pay order Application form, despot of cash/cheque at the Teller's country and finally issuing a order etc, are similar to those of processing of L.D (loan Draft) Application.As in case of L.D each branch should use a running control serial number of their own for issuance of a pay order. This control serial number should be introduced at the beginning of each year which will continue till the end of the year. A fresh number should be introduced at the beginning of the next calendar year and so on.

- b. Charges

For issuing each pay Order commission at the rate prescribed by Head Office is realized from the client and credited to Income A/c as usual.

- c. Entries

Dr. Teller's Cash/client's a/c
Cr pays Order a/c
Cr commission a/c



d. P.O issue Register

The remittance Department will issue the pay Order's duly crossed "A/c payee" and will enter the particulars of the P.O Issued in the prescribed P.O Register duly authenticated.

e. Payment of pay orders

As the P. Os crossed A/c payee, the same are presented to the Issuing branch for payment either through clearing of for credit to the client's A/c. Os when presented for payment are processed in the Remittance Department. On making payment, the relative entry in the P.O Register is marked of by entering the date of payment in the P.O Register duly authenticated. The paid instrument is treated as Debit Ticket.

f. Refund of Pay Order

The following procedure should be followed for refund of pay order :

1. The purchase should submit a written request for refund of pay order by cancellation attaching therewith the original pay order
 2. The signature of the purchaser will have to be verified from the original application form on record.
 3. Manager/Sub-manager's prior permission is to be obtained before refunding the amount of pay order cancellation.
 4. Prescribed cancellation charge is to be recovered from the application and only the amount of the pay order less cancellation charge should be refunded.
 5. The pay order should be affixed with stamps "cancelled" under should also be canceled with RED ink but in no case should be torn. The canceled pay order should be kept with the relevant Ticket.
 6. The original entries are to be reversed with proper narrations.
 7. Cancellation of the pay Order should also be recorded in the pay order Issue register
- #Issue and payment of Pay-order:

Strictly speaking pay-order is not meant for remittance. Because it is payable by the issuing branch. An order is issued to facilitate fund transfer within a clearing area.

Dr. Teller's cash/Client A/c

Cr. Manages cheque

Cr. Commission



Up to Tk.1000	Tk. 10
Tk.1001-100000	Tk. 25
Tk.100, 001-500000	Tk. 50

Above Tk.500000Tk. 100

When paying against pay-order following entries are passed

Dr. Manager's cheque

Cr Cash/Client A/c

3.5 Cash

The cash section performs some important functions like cash payment and cash received. Except these two major functions it also performs some other functions like opening of cash every day balance calculation.

3. 5.1 Function of cash department:

Cash department is the busiest and the most important department of the branch. All cash receipts and payment including inter branch or interbank cash transactions are done under the cash department.

Accounting and recording process of this department are very scientific, transparent and modern. All cash transactions are put into computer in batches and balances are matched. Unlike traditional banking, separate accounts are maintained for vault cash a/c and teller's cash a/c respectively. There is no strict division of work among tellers. Each of them is doing both receipt and payment. This is possible because cash is preparing separate tellers cash position.

3.5.2 Cash Received tools:

Cash is received in following forms or slips

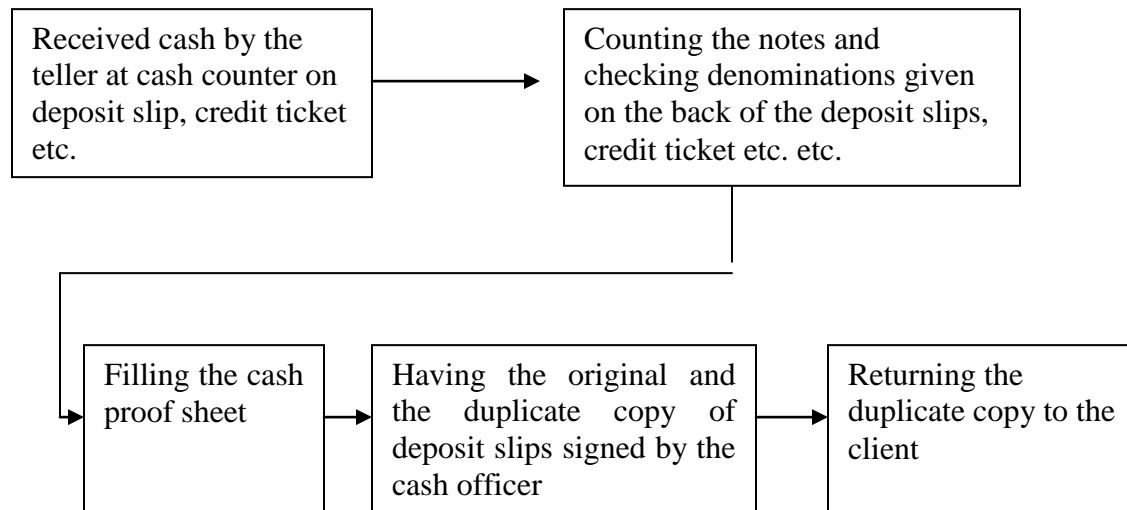
- i) Deposit slips (for deposit into clients account)
- ii) IBCA For inter branch cash transaction



- iii) I.D.T (inter department ticket)
- iv) Prize Bond
- v) Credit voucher

Cash department not only receives cash but also checks and drafts which are deposited for collection. Cash proof sheet from each teller and cash transaction with branches or BB (Bangladesh Bank) are recorded on reserve sheet to find out closing cash reserve. At the end of the day a summary cash position is prepared and matched with actual cash position and computer balance report. If their closing position along with the subsidiary register book then the transactions of the day is ok.

3. 5.3 Cash Receiving Procedure:



Cash proof sheet from cash teller and each transaction are recorded on reserve sheet to find out closing cash reserve. At the end of the day a summery cash position is prepared and checked with actual position and computer balance report. If the three closing position matches, then the transaction of the day are ok.

3.5.4 Cash Payment tools:

- 1) Cheque, draft, pay order, TT
- 2) Debit voucher (Realization of FDR proceeds)
- 3) Debit tickets
- 4) IBDA (Inter Branch Debit Advice) issued from the branch.

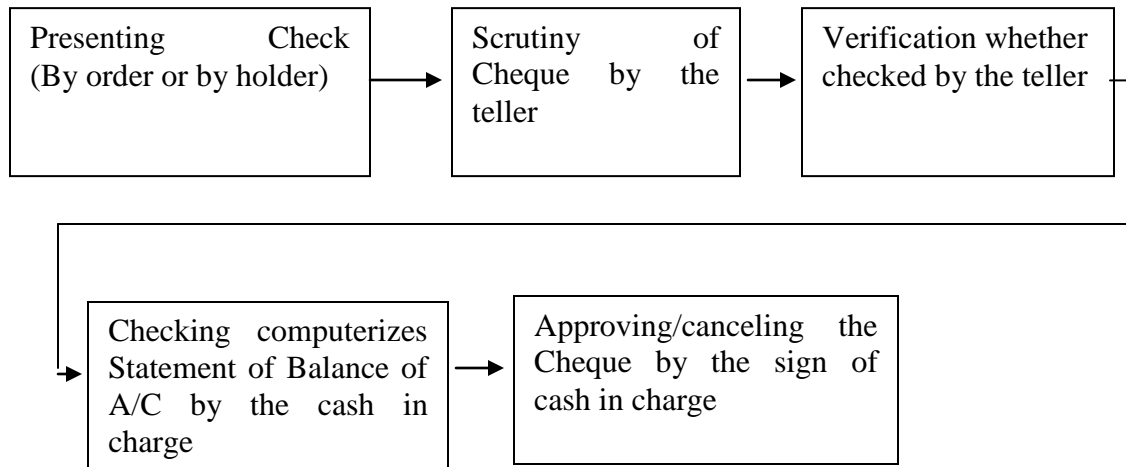


5) IBCA (Inter Branch Credit Advice) issued by another bank of Head office.

Vault Limited TK. 1.00 Crore

Cheque Payment authority to cash in charge TK 1 lac

3.5.5 Cash Payment Procedure:



When cash is transferred to any other branch the following a/c entries are made with the passing of inter branch debit advice.

Dr. PBL general A/C

Cr. Reserve cash

When cash is received from any other branch of PBL following entries are made

Dr. Reserve Cash

Cr. Tellers Cash

When tellers take cash from reserve following entries for total receipt

Dr. Reserve Cash

Cr Teller Cash

For total cash received against Inter Department Ticket (IDT) following entries are made:

Dr. Teller Cash

Cr. IDT



At the end of the day for all payments against cheques and debit vouchers following single entries are made:

Cr Tellers a/c

3.6 Accounts Department

Accounts Department is called as the nerve Centre of the bank. In banking business transactions are done every day and these transactions are to be recorded properly and systematically as the banks deal with the depositor's money. Any deviation in proper recording may hamper public confidence and the bank has to suffer a lot otherwise. Improper recording of transactions will lead to the mismatch in the debit side and in the credit side. To avoid these mishaps, the bank provides a separate department; whose functions are to check the mistakes in passing vouchers or wrong entries or fraud of forgery. This department is called as Account Department.

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

A. **Daily Task:** The routine daily tasks of the Accounts Departments are as follows,

1. Recording the transactions in the Clean cash books
2. Recording the transactions in general and subsidiary ledger
3. Preparing the daily position of the branch comprising of deposit and cash
4. Preparing the daily Statement of Affairs showing all the assets and liability of the branch as per General Ledger and Subsidiary Ledger separately.
5. Making payment of all the expenses of the branch
6. Recording Inter branch fund transfer and providing according treatment in this regard.
7. Checking whether all the vouchers are correctly passed to ensure the conformity with the 'Activity Report', if otherwise making it correct by calling the respective official to rectify the vouchers.
8. Recording of the vouchers in the Vouchers Register.
9. Packing of the correct vouchers according to the debit voucher and the credit voucher.



B. Periodical Task: The routine periodical tasks performed by the department are as follows:

1. Preparing the monthly salary statement for the employees.
2. Publishing the basic data of the branch
3. Preparing the monthly position for the branch which is sent to the Head Office to maintain Statutory Liquidity Requirement (S.L.R)
4. Preparing the weekly positions for the branch comprising of the break of sector wise deposit, credit.
5. Preparing the weekly position for the branch comprising of denomination wise statement of cash in tills.
6. Preparing the quarterly statement (SBS-2 and SBS-3) where SBS-2 shows “classifications of deposits excluding inter bank deposit, deposits under wage earners’ scheme and withdrawals from deposit account” and SBS-3 shows “classifications of advances (excluding inter bank) and classification of bills purchased and discounted” during the quarter.
7. Preparing the budget for the branch by fixing the target regarding profit and deposit.



Chapter 04

Loans and Advances

4.1 Introduction

4.2 Manager's Concern

4.3 Advance Secured and Unsecured

4.4 Function of Advance Department

4.5 Types of Loan

4.6 Process of Loan

4.7 State of Classification and Provision for 5 Years of PBL



Loans and Advances

4.1 Introduction

Major source of income of a bank is the earning from credit. Borrower selection is the main and prime task of this department. Advancing loans is the primary function of the commercial banks. Without loans country's industrial and commercial development is not possible. Therefore, smooth loan system in banking sector is a catalyst for economic development of a country.

4.2 Manager's Concern

In the process of loan Manager has to ensure three things:

- 1) How to locate purpose
- 2) How to locate security
- 3) How to locate borrower

4.2.1 How to locate purpose:

Manager has to ensure that the loan will generate adequate cash. For that matter the loan should be engaged in productive activities. Such an employment will increase economic activities, promote trade and commerce, create employment avenues and increase movement of goods and flow of cash. This flow of cash is known in the banking concept as cash generation. If there is enough cash generation, funds will automatically flow into the borrowers accounts with the bank and will show a satisfactory turnover in accounts which the lending bank always demands. This is why the manager's speculation should be making the highest cash through the employment of the advances.

4.2.2 How to locate security:

As soon as the evaluation of purpose is done manager will examine and evaluate in the following manner the securities offered by the prospective borrower:



- a) Security is the source of information on the prospective borrower. If offered are valuable properties like land, building, shares of stocks or pledged goods, these will offer adequate information about the borrower as to his financial position.
- b) If securities are hypothecated stocks of raw materials for production, these will offer adequate information about the borrower as to his ability or capacity to utilities
- c) Securities (tangible or intangible) offer a yardstick for measuring the extent of involvement of the borrower himself. The lending bank's investment of funds is a joint venture of the banker and the borrower. The securities offered are the borrower's portion of involvement i.e. his equity or capital. Thus the greater is his involvement, the better for the banks. The borrower in that case will think twice that if the business goes wrong, it is who will suffer most. Thus it will be in his own interest that he will avail and utilize the loan as per agreed stipulations. Thus the best way to safeguard the lending banks interest is, as far as possible to maximize the banks commitment.
- d) The branch Manager's responsibility as to provide security is also to see how much control he will be in a position to exercise on the entire stocks of the borrower.

4.2.3 How to locate borrower:

In appraising a loan process, the selection of the prospective borrower is the most vital point. The borrower is the real actor and must be in position to achieve the purpose for which the loan has been requested. In selecting ideal borrower, the branch manager thus assumes the greatest responsibility. Capital is another point to indicate the borrower's position. He should be given loan in proportion to this own investment as working capital. As a general rule a bank should not sanction loan more than the investment of the borrower.

Then the consideration of borrower's capacity - whether the borrower can utilize the funds or not.

To select the ideal borrower the following points have to consider:

- a) **Branch records:** The manager may have first hand information on a prospective borrower by a reference to his records. The turnover of his financial dealings is reflected in the ledger folios of his branch.



- b) **Borrower's Record:** The prospective borrower may be advised to submit his books of accounts balance sheet etc. for examination by the manager. These financial tools reflect the position of his assets and liabilities and a fair idea about the capital and capacity of the borrower.
- c) **Personal Enquires:** As an individual the borrower must be a desirable person in the society. He must have integrity. There are some factors such as the sobriety, the promptness of payment goods habits personality, the ability and the willingness to carry a project

4.3 Advance Secured and Unsecured

1. **Secured Advance:** Secured advance are those advances which are secured by tangible securities of adequate value over which the bank has either absolute or constructive control in addition to the personal guarantee of the customer.
2. **Unsecured Advance:** The advances which are granted to a constituent of undoubted standing and reliability and only in exceptional circumstances and for short period without any tangible security are called unsecured advances.

4.4 Functions of Advance Department

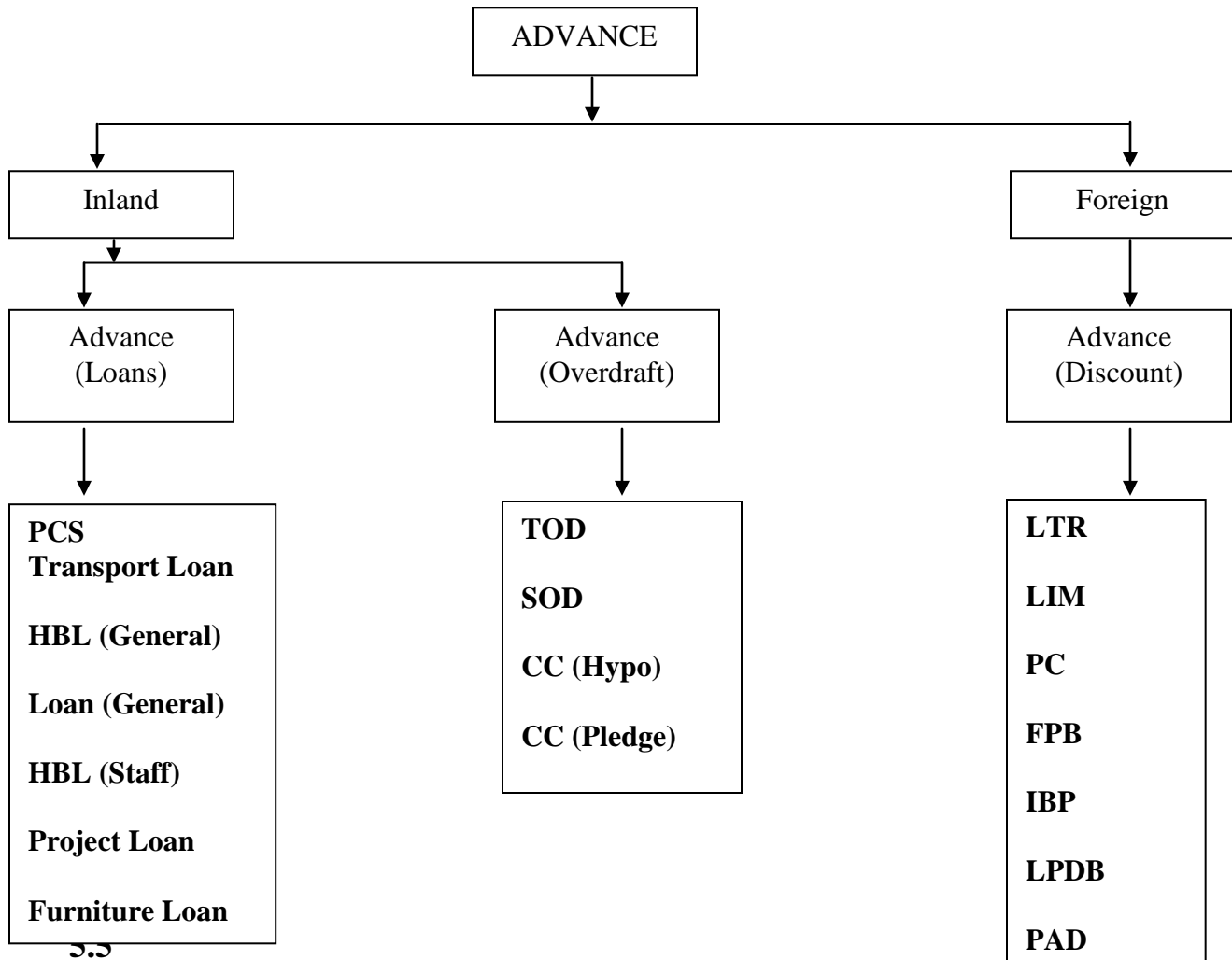
Ensuring that funds are disbursed only after compliance with terms and conditions or required documents received.

- Make sure that the bank has always valid and current loan documentation.
- Ensuring that the collateral security is adequate at times to support the loans. Keeping the loan documentation under safe custody.
- Ensuring that the bank receives sufficient valid insurance cover whenever required from a recognized insurance company.
- Monitoring the receipt of periodical receivable. Debiting the client for all charges, interest etc.



Maintaining the central liability records for all extensions of credit and balancing the totals with General Ledger

LOAN&ADVANCES:



Types of Loan

Pubali Bank Principal Branch has the following loan schemes

- Continuous Loan
- Demand Loan
- Term Loan



- Cash Credit (CC)
- Overdraft (OD)
- Bank Guarantee
- Staff Loan(PBL)

Continuous Loan: The limited loans with expiry date of loan payment, which can be transacted without any particular payment schedule, are termed as continuous loan. Following are the various categories:

1. Small Enterprise Financing (SEF)
2. Consumer Financing (CF)
3. Other than SEF and CF

Demand Loan

The loans, which become eligible for payment when demanded by the bank, are termed as demand loan. If contingent or any other debt becomes forced loan, then those are also termed as demand loan.

Following are the various categories:

1. Small Enterprise Financing (SEF)
2. Consumer Financing (CF)
3. Other than SEF and CF

Term Loan

The loans which are to be paid within limited term with a particular payment schedule are known as term loan.

Following are the various categories:

(a) Term loans up to 5 years

1. Small Enterprise Financing (SEF)
2. Consumer Financing (Other than HF & LP)



3. Housing Finance (HF)
4. Loans for Professionals to setup business. (LP)
5. Others

(b) Term loan over 5 years

1. Small Enterprise Financing (SEF)
2. Consumer Financing (Other than HF & LP)
3. Housing Finance (HF)
4. Loans for Professionals to setup business. (LP)
5. Others

Short term Agro and Micro Credit: The short-term loans which are listed in yearly loan disbursement schedule served by the loan department of Bangladesh Bank, are termed as short-term agricultural loan and micro-credit. The loan given to the agricultural sector for less than 12 months is also included in this category. By short-term loan we mean the loan below Tk 10,000 to be paid within 12 months.

Cash Credit (CC)

- a. Cash credit is given through the Cash Credit (CC) account.
- b. Cash credit account is basically a current account, however a little difference exist between them. The distinction between a current account a CC account is that the former is intended to be an account with credit balance and the latter an account for drawing of advances.
- c. Operation of cash credit is as same as overdraft. The purpose of cash credit is to meet working capital needs of traders, farmers, and industrialists.

Over Draft (OD)

- a. Overdrafts are those drawings which are allowed by the banker in excess of the balance in the account up to a specified amount for definite period.
- b. Generally it is given to the businessmen to maintain their business activities.
- c. Any deposit in the SOD account is treated as repayment of overdraft.



Generally provided against FDR, any primary security etc.

Bank Guarantee

- a. The bank is very often requested by his customer to issue guarantees on behalf of their party – committing to make an unconditional payment of certain amount of money to the third party, if the customer (on whose behalf guarantee is given) becomes liable, or creates any loss or damage to the third party.
- b. It is a contingent liability for the bank and 3% commission is charged for this. After the expiry of the period bank is no longer liable to the third party.

Generally issued by the banker for payment of tender. Paying customs duty, sales tax, insurance premium guarantees are also issued on behalf of the customer.

Staff Loan:

1. STAFF HOUSE BUILDING LOAN – SHBL

- a. 120 times of the basic salary is provided as SHBL
- b. Bank Rate + 1%, interest is charged to the employee
- c. Repayment is adjusted from their monthly salary
- d. Repayment is made at equal monthly installment

2. STAFF LOAN AGAINST PROVIDENT FUND – SPF

- a. 10% of basic is contributed by employee in every month
- b. 10% of basic is also contributed to the PF by the Bank
- c. Repayment is adjusted from their monthly salary
- d. Maximum Sanction from PF



4.6 Process of Loan

Application

Applicant applies for the loan in the prescribed form of the bank describing the types and purpose of loan.

Sanction

- a. Collecting credit information about the applicant to determine the credit worthiness of the borrower. Sources of information
 - Personal Investigation, Confidential Report from other bank, Head Office/Branch/Chamber of Commerce.
 - CIB (Central Information Bureau) report from Central Bank.
- b. Evaluation of compliance with its lending policy.
- c. Evaluating the proposed security
- d. If loan amount exceeds 50 lac then bank goes for LRA Analysis.
- e. LRA is must for the loan exceeding one core – as ordered by Bangladesh Bank. LRA has described at the end of this chapter.

If everything is in accordance the loan is sanctioned.

Documentation

- a. Then the bank prepares a loan proposal containing terms and conditions of loan for approval of H.O. or Manager.
- b. Takes the necessary papers and signatures from borrower

Disbursement

A loan Account is opened where

Dr customer A/C.

Cr Respective Loan A/C



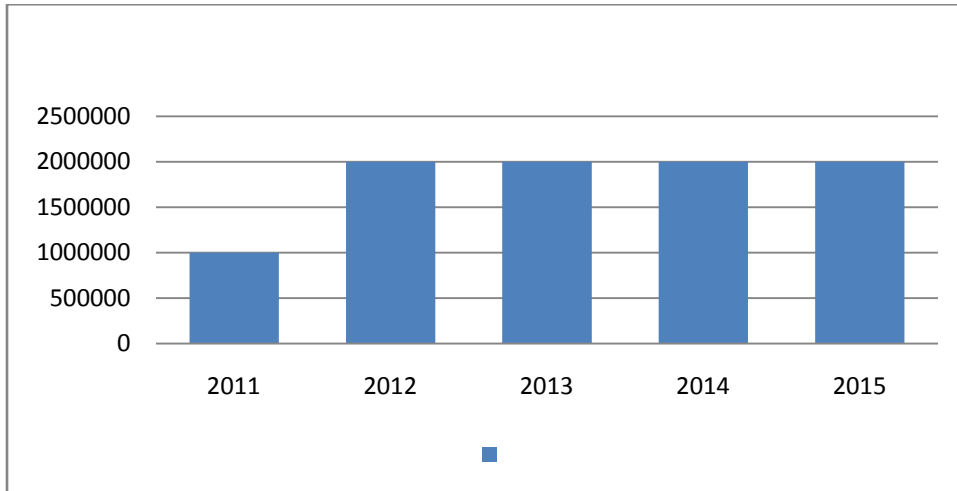
4.7 State of Classification and Provision for 5 Years of PBL

(Figures in Millions)

SL No	Particulars	2011	2012	2013	2014	2015
1.	Authorized Capital (Million)	1000000	2000000	2000000	2000000	2000000
2.	Paid up Capital (Million)	6707.61	8384.51	8384.51	8562.39	8803.7
3.	Reserved Fund and Other reserves	10575.53	10420.19	11920.99	12179.35	12376.54
4.	Total Deposits (Million)	123805.97	150418.81	177878.17	209427.54	236184.72
5.	Total Investment (Million)	19069.27	30691.15	48678.92	61257.95	75643.79
6.	Total Income (Million)	15189.7	20778.37	24418	29187.2	33978.81
7.	Net Profit (Million)	3140.22	1761.98	2305.54	2971.38	3119.84

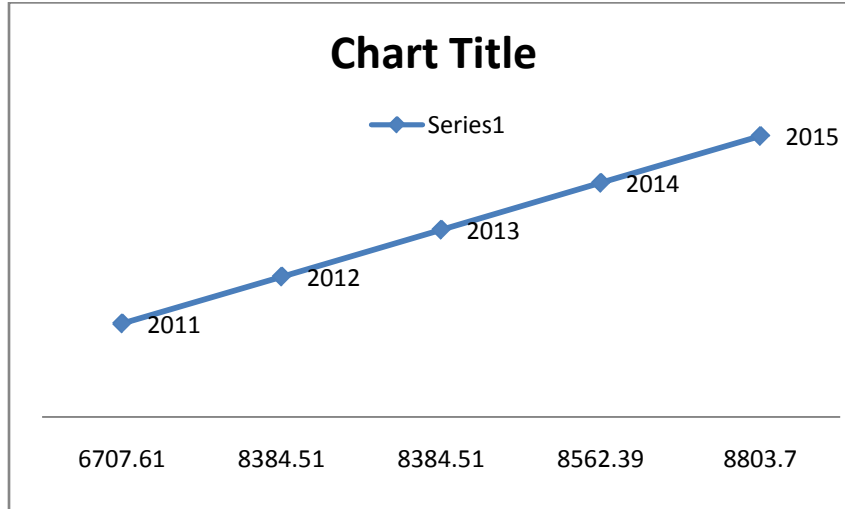
Source: Annual Report 2011,2012,2013,2014, 3 Quarter Financial Report Analysis in 2015.

1. Authorized Capital (Million)



Comments: From the annual report, we can see that the authorized capital in 2011 is 1000000(million) which is increasing in 2012 and other years are same.

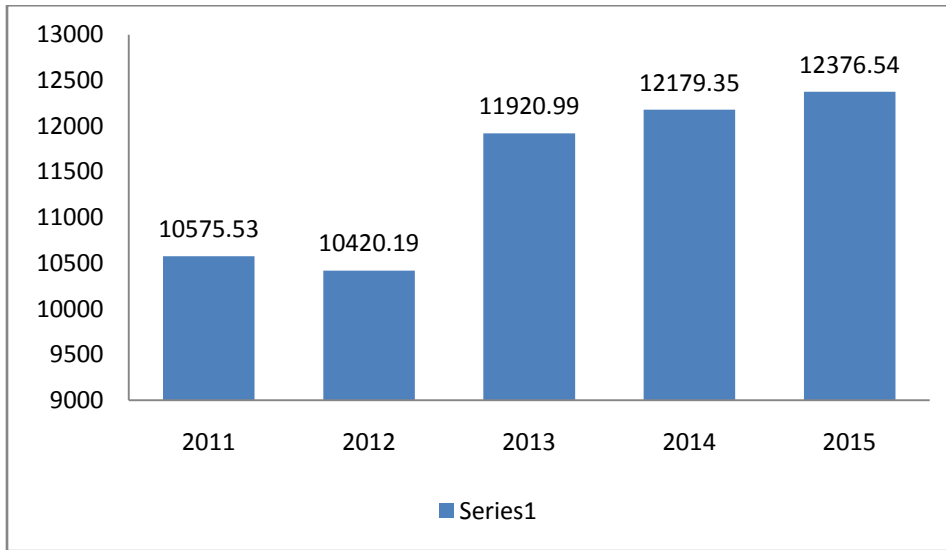
2. Paid up Capital (Million)



Comments: From the annual report, we can see that the paid up capital is increasing from 2011 to 2012. Also see that 2012 & 2013 paid up capital is same. After that the paid up capital is increasing year by year.

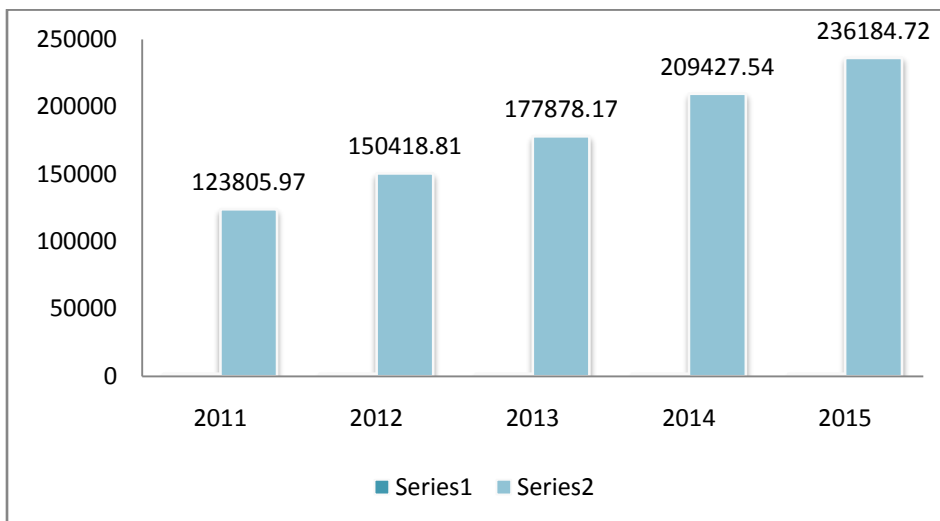


3. Reserved Fund and Other reserves



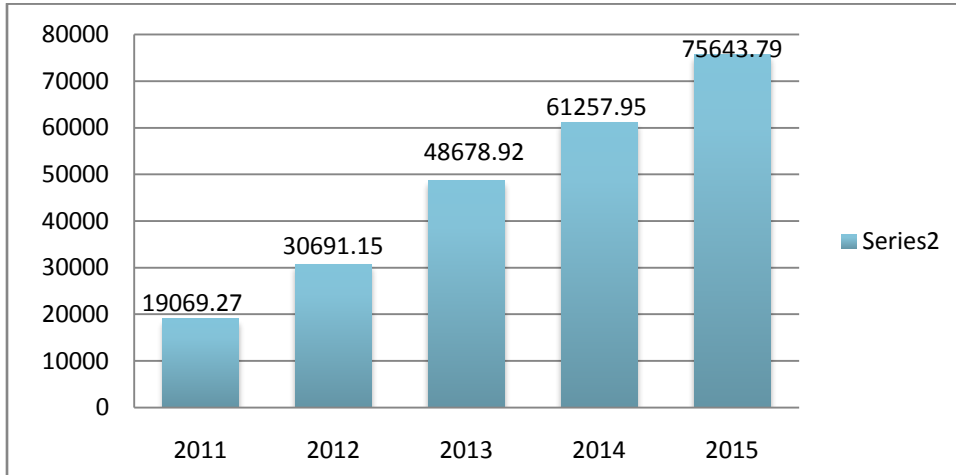
Comments: In 2011 the Reserved Fund and Other reserves was 10575.53(million), which is decreasing in 2012. After that, the Reserved Fund and Other reserves is increasing gradually from year 2013 to 2015.

4. Total Deposits (Million)



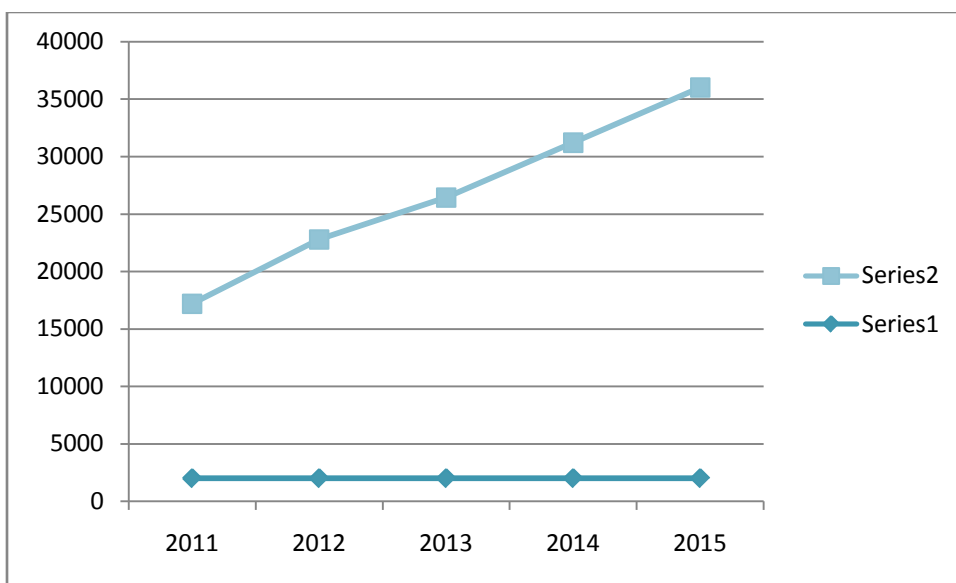
Comments: With the passage of time the bank is expanding day by day. That is what we see that the amount of deposit is increasing gradually from year 2011 to 2015. Total deposit of the bank was 123805.97 million during 2011 and in 2015 it is 236184.72 (million).

5. Total Investment (Million)



Comments: The figures and graphs above we see that during the year the bank made investment in 2015 which is 75643.79 (million) against loans and advances, diminution in value investments, exposure of Off Balance sheet items and provision. Although we see that the amount of investment is increasing gradually from year 2011 to 2015

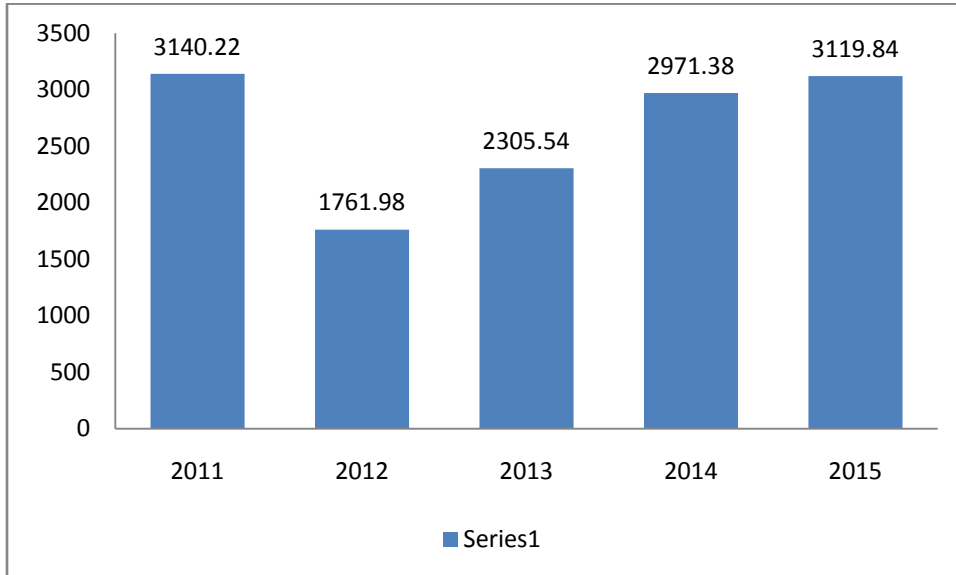
6. Total Income (Million)



Comments: From the graphs above we see that the total income is increasing gradually from year 2011 to 2015.



7. Net Profit (Million)



Comments: With the passage of time the bank is growing day by day. That is what we see that the amount of net profit is fluctuating between 2011 to 2012 and after that the net profit is increasing gradually from year 2013 to 2015.



Chapter 05

Foreign Exchange

5.1 Introduction

5.2 International Trade

5.3 Function of Foreign Exchange Department

5.4 Import Section

5.5 Export Section

5.6 Exchange rate and foreign remittance

5.7 My Learning



Foreign Exchange

5.1 Introduction

Foreign trade financing is an integral part of banking business. Documentary Credit (also called letters of credit or "L/Cs") is the key player in the foreign exchange business. With the globalization of economies international trade has become quite competitive. Timely payment for exports and quicker delivery of goods is, therefore, a pre-requisite for successful international trade operations. Growing complexity of international trade, separation of commercial parties across the globe and operating in a totally unknown environment underlined the need for evolving a system that balances between the expectations of the seller and the buyer. Documentary Credit has emerged as a vital system of trade payment, and fulfilled the requisite commercial need. This system substantially reduces payment-related risks for both exporter and importer. Not surprisingly, therefore, the letter of credit is the classic form of international export payment, especially in trade between distant partners. The bank upon presentation makes payment, acceptance or negotiation of the credit by the seller of stipulated documents (e.g., bill of lading, invoice, and inspection certificate).

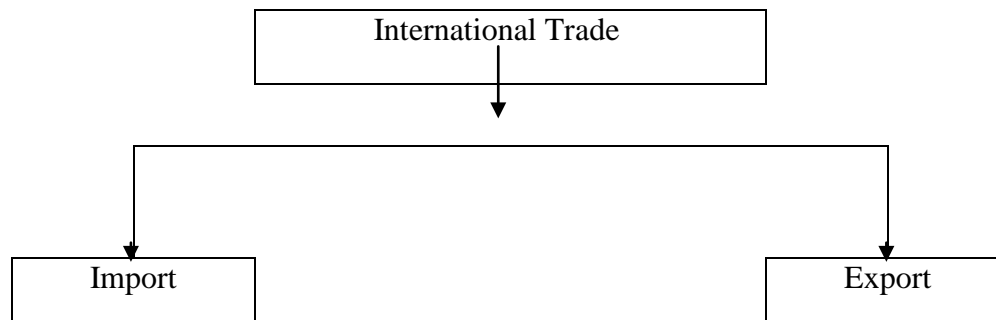
This part of the report consists of the following areas

- 1) International Trade : Import & Export
- 2) Foreign Exchange related banking terms & rules
- 3) Foreign Exchange rate & foreign Remittance.

5.2 International Trade

International trade is the trade between countries with the rest of the World. Now we live in a global economy. In the age of globalization each country has free access to the market of other with quality goods and services.

International Trade has two components – as following Import & Export.



To handle of International transaction in a sound and efficient manner there must have a written contract between the buyer & seller. For international trading purpose a Bank or Banks may involve in this contract and then the contract renamed into a letter of credit. It is the media under which the international trades are concluded.

5.3 Function of Foreign Exchange Department

01. L/C Opening
02. L/C Amendment
03. Sanction Payment against Document (PAD), Loan against Imported Merchandise (LIM),
Loan against Trust Receipt (LATR).
04. T.C issuing
05. Foreign Bill Purchase (FBP)
06. Local Bill Purchase (LBP)
07. Foreign Remittance
08. FC A/C maintaining
09. Foreign Currency remitting



Foreign Exchange Mechanism

- 01) L/C Opening
- 02) Issue the L/C by issuing Bank and send to advising bank
- 03) Advised and or confirm the L/C by Advising and Add confirming Bank
- 04) Submit the documents to Negotiating Bank by export
- 05) The Negotiating Bank makes payment
- 06) The Negotiating Bank forward/sends documents to issue bank
- 07) Issuing Bank makes payment to negotiating bank
- 08) A issuing bank instructs to pay or reimburse the paying bank and paying bank makes payment or reimburse to the negotiating bank
- 09) Issuing bank sends documents to the importer
- 10) The importer makes payment

Types of L/C Offered:

Letter of Credit (L/C) can be defined as a ‘Credit Contract’ whereby the buyer’s bank is committed (on behalf of the buyer) to place an agreed amount of money at the seller’s disposal under some agreed conditions. It is also known as documentary letter of credit. It may be either:

- (i) **Revocable:** A revocable credit is a credit, which can be amended or cancelled by the issuing bank at any time without prior notice to the seller.
- (ii) **Irrevocable:** It constitutes a definite undertaking of the issuing bank (since it can’t be cancelled or amended without the agreement of all parties thereto), provided that the stipulated documents are presented & the seller satisfies the terms and conditions.

Special documentary Credit:

- **Revolving Credit:** It is the credit, which provides for restoring the credit to the original amount after it has been utilized.
- **Transferable Credit:** the original beneficiary in full or in part to one or more subsequent beneficiaries can transfer it.
- **Back-to-Back Credit:** It is a new credit opened on the basis of an original credit in favor of another beneficiary.



- Anticipatory Credit: The anticipatory credit makes provision for pre-shipment payment, to the beneficiary in anticipation of his effecting the shipment as per L/C conditions.
- Red Clause Credit: A red clause credit is a credit with a special condition incorporates into it that authorizes the confirming Bank or any other Nominated Bank to make advances to the beneficiary before presentation of the documents.
- Green Clause Credit

Parties Involved in L/C:

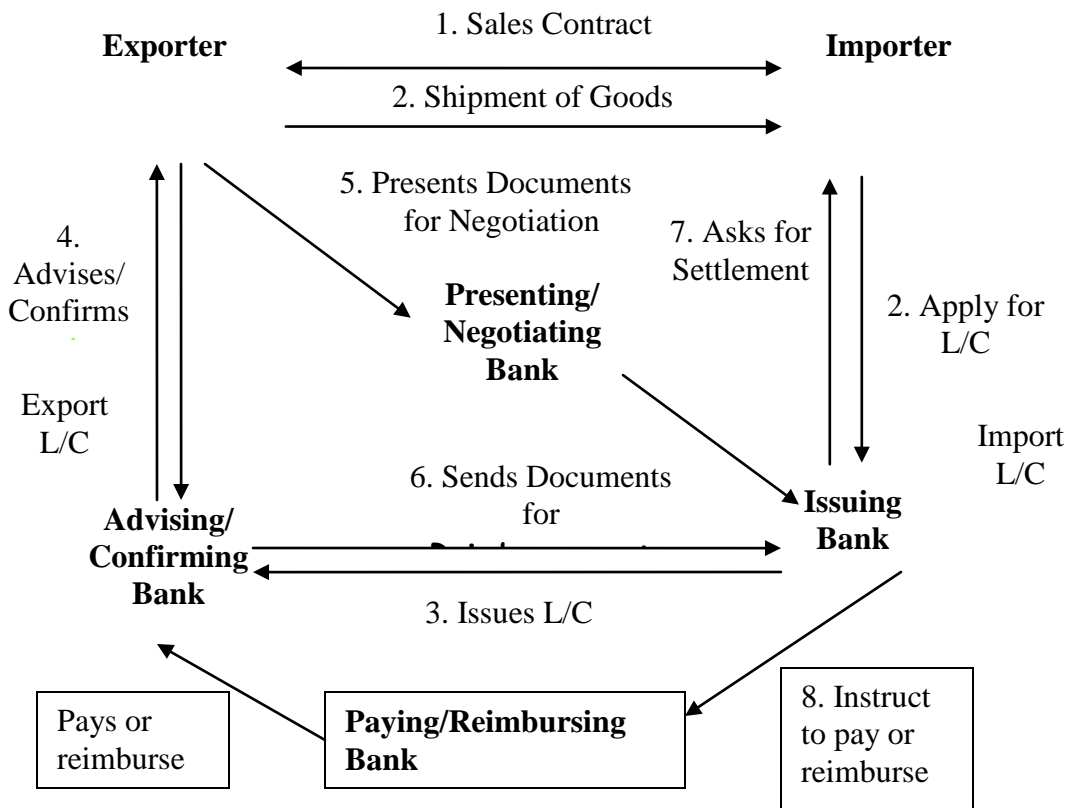
There are number of parties involved in a letter of credit and the right and obligation of the different involved parties will differ from each other. The involved parties to a letter of credit are named below:

- 01) The applicant/The importer/The buyer
- 02) Opening bank/Issuing bank
- 03) The beneficiary/The Exporter/The seller
- 04) The Advising Bank/The transmitting Bank/The notifying bank
- 05) The Confirming Bank
- 06) The Negotiating Bank
- 07) The Reimbursing Bank/Paying Bank

Characteristics of the importer who wants to open a letter of credit

- Must have an A/C in the branch
- Must be a member of the Chamber of Commerce
- Must be a TIN holder
- Must have IRC(Import Registration Certificate)
- VAT(Value Added Tax certificate)

Documentary Credit:



5.4 Import Section

The Ministry of Commerce in terms of the Import & Export (Controls) Act 1950 regulates import of goods into Bangladesh with import Policy Orders issued periodically & public notices issued from time to time by the office of the Chief Controller of Import & Export (CCI&E).

5.4.1 Importer's Application for L/C Limit/Margin:

To have an import L/C limit, an importer submits an application to the issuing Bank furnishing the following information:

- 01) Full particulars of bank account
- 02) Nature of business
- 03) Required amount of limit



- 04) Payment terms and conditions
- 05) Goods to be imported
- 06) Offered to be imported
- 07) Offered security
- 08) Repayment schedule.

A credit officer scrutinizes this application and accordingly prepared a proposal (CLP) and forwards it to the Head Office Credit Committee (HOCC). The Committee, If satisfied, sanctions the limit and returns back to the branch. Thus the importer is entitled for the limit.

5.4.2 The L/C Application:

Pubali Bank Limited provides a printed form for opening of L/C to the importer. This form is known as letter of Credit Application form. A special adhesive stamp is affixed on the form. While opening the stamp is cancelled. Usually the importer expresses his desire to open the L/C quoting the amount of margin in percentage.

- 01) Full name and address of the importer.
- 02) Full name and address of the beneficiary.
- 03) Draft amount
- 04) Availability of credit by sight payment acceptance/negotiation/deferred payment.
- 05) Time bar within which the documents should be presented
- 06) Sales type (CIF/FOB/C&F)
- 07) Brief specification of commodities, price, and quantity, indent no etc.
- 08) Country of origin
- 09) Bangladesh bank registration no
- 10) Import license/LCAF No
- 11) IRC (Import Registration Certificate) no
- 12) Account No.
- 13) Documents required
- 14) Insurance cover note/Policy no, date amount
- 15) Name and address of insurance Company
- 16) Whether the partial shipment is allowed or not



- 17) Whether the transshipment is allowed or not
- 18) Last date of shipment
- 19) Last date of negotiation
- 20) Other terms and conditions if any
- 21) Whether the confirmation of the credit is requested by the beneficiary or not.

The above information are given along with the following documents

- 01) Pro-forma invoice stating description of the goods including quantity, unit price.
 - (i) **Indent:** An indent stating the description of the goods including quantity, unit price, etc. given by the Supplier/Exporter given by the Indenter.
 - (ii) **Proforma Invoice:** Proforma Invoice states the description of the goods including quantity, unit price, etc. given by the Supplier/Exporter.
- 02) The insurance cover notes, issuing company and insurance number.
- 03) Four set of Import Form (IMP) form.

The Letter Of Credit Authorization (LCA) Form contains the following:

- 01) Name and address of the importer
- 02) IRC no. and year of renewal
- 03) Amount of L/C applied for (Both in figure and in word)
- 04) Description of item(s) to be imported
- 05) ITC Number/HS code
- 06) Stamp and Signature of the importer with seal

5.4.3 Scrutiny of L/C Application:

The dealing Officer scrutinizes the application in the following manner-

- 01) The terms and conditions of the L/C must be complied with UCPDC 500
- 02) Exchange Control & Import Trade Regulation
- 03) Eligibility of the goods to be imported
- 04) The L/C must not be opened in favor of the importer
- 05) Radioactivity report in case of goods item
- 06) Survey reports in certificate in case of old machinery



- 07) Carrying vessel is not of Israel or of Serbia-Montenegro
- 08) Certificate declaring that the item is in operation not more than 5 years in case of car.

5.4.5 Precautions for issuing L/C:

After submission of documentary letter of credit application form, the concerned officer scrutinizes the terms and conditions that mentioned in application. He must check the following things:

- 01) Whether the terms and conditions of L/C application are consistent with Exchange control and import Trade regulation UCPDC-500.
- 02) L/C must not be opened in favor of the importer of his agent.
- 03) The importer agreeing all terms and conditions mentioned in the application must sign L/C.
- 04) Indenting registration number.
- 05) Whether IMP form dully filled and signed.
- 06) Validity of Import Registration Certificate (IRC).
- 07) Insurance cover note with date of shipment.
- 08) The Harmonize System (HS) code of the goods
- 09) The balance of the accounts of the importer
- 10) The goods are not from Israel and vessels to be used is not of Israel
- 11) The issuing officer will try to keep as much margin as possible.

5.4.6 Amendment of L/C:

Parties involved in a L/C particularly the seller and the buyer cannot always satisfy the terms and conditions in full as expected due to some obvious ad genuine reasons. In such situation, the credit should be amended. Issuing Bank transmits the amendment by tested telex to the advising bank. In case of revocable credit, it can be amended or cancelled by the using bank at any moment and without prior notice to the beneficiary. If the L/C is amended, service charge telex charge is debited from the party account accordingly.



5.4.7 Credit Report on Beneficiary:

Before opening of letter of credit, the Authorized Dealer (A/D) branch must obtain a confidential report on the supplier/beneficiary through its correspondent bank/ recognized credit agencies.

Showing Accounting Treatment at the Time of L/C Opening

Particulars	Debit/ Credit	Charges in Taka
Customer's A/C	Debit	
L/C Margin A/C	Credit	Commonly 10-30%
Commission A/C on L/C	Credit	0.5%
VAT	Credit	15% on commission
SWIFT Charge	Credit	Tk. 2000/=
Foreign Courier Charge (FCC)	Credit	US\$ 25/=
Stamp	Credit	Tk. 150/=
Others	Credit	Tk. 200/=

Source: Principal Branch, Pubali Bank Ltd.

5.4.8 Presentation of the Documents:

The seller being satisfied with the terms and the conditions of the credit proceeds to dispatch the required goods to the buyer and after that have to present the documents evidencing dispatch of goods to the negotiating bank on or before the stipulated expiry date of the credit. After receiving all the documents, the negotiating bank then checks the documents against the credit. If the documents are found in order then the bank will pay, accept, or negotiate to issuing bank checks the documents. The usual documents are

- 01) Commercial Invoice
- 02) Bill of lading
- 03) Certificate of origin



- 04) Packing list
- 05) Shipping advice
- 06) Non negotiable copy of bill of lading
- 07) Bill of exchange
- 08) Pre-shipment Inspection report
- 09) Shipment certificate

5.4.9 Examination of Documents:

Import documents include a lot of forms and certificates. Proper checking or inspection can only ensure the correct and smooth foreign exchange or trade. While checking those documents following things need to be ensured.

The Letter of Transmittal

Following points have to consider

- Addressed to L/C issuing branch.
- Current date.
- Documentary Credit number.
- Documents enumerated are attached.
- Value of the documents and the value mentioned in the cover are the same;
- Whether any discrepancy has been noted and whether payment, acceptance or negotiation was effected against an indemnity or under reserve.

The Documentary Credit

Following points have to consider

- Correct referenced documentary credit.
- Still valid (not expired/cancelled).
- Balance in the Documentary Credit is sufficient to cover the value of the drawing.

Draft/Bill of Exchange

Following points have to consider

- Draft bears the correct L/C number;
- Correctly dated;
- Name of the Drawer corresponds with the name of the beneficiary;
- Drawn on the correct drawer indicated in the L/C;



- Amount in words agrees with the amount in figures;
- Beneficiary has duly signed the draft;
- Tenor is as required by the credit;
- No restricted endorsement;
- Value of the draft and the value of invoice are identical.

Commercial Invoice

Following points have to consider

- Beneficiary as stated in the documentary credit issues that.
- Issued in the name of the applicant (the buyer) named in the documentary credit.
- Description of goods correspondent exactly to that stated in the credit.
- Description of goods, value and unit price matches that of the documentary credit as regards to the amount and currency.
- Currency of the invoice is the same as stipulated in the credit.
- Value of invoice does not exceed the available balance of the credit.
- Invoice is signed as required in the credit.
- Correct numbers of original is presented.
- Terms of shipment, the invoice amounts correspond proportionally to the dispatched quantity.

Marine/Ocean Bill of Lading

Following points have to consider

- Issued by a shipping company.
- Full set of originals issued and presented.
- Consignees name and address and correct as stated in the credit;
- Bill of lading bears a date of issue, duly signed by the issuer and the name of the ship appears;
- Port of departure and post of destination are correct.
- Bill of landing bears an “on board shipped” notation



- Name of notify party name and address are correct.
- Goods have been loaded on board, or shipped on a named vessel (indicates the name of the carrier and it is signed or authenticated by the master or a named agent for or on behalf of the master.
- Correctly marked Freight prepaid or Freight collect.
- Issuer has properly authenticated the alteration on the bill of lading.
- Goods are consigned as stipulated in the credit (to order of a named consignee i.e. to the order of the L/C issuing bank.
- Bill of lading has been properly endorsed;
- Bill of lading is issued to be correct order party as required by the documentary credit.

Airway Bill

Following points have to consider

- Consignees name and address and the airports of departure and destination are stated in the Airway bill are consistent and in agreement with the terms of credit. An air transport document is evidence of contract of carriage between the carrier and the sender. It is not a document of title of goods;
- Document indicates the name of the carrier;
- Issuer is the carrier (identifiable as the carrier) or a named agent of the named carrier;
- Airway bill indicates the actual flight date and flight numbers;
- Carrier signs that document;
- Consignees name and address and notify party's name and address are correct.
- Issuer authenticates any alternations;
- Correctly marked "Freight Prepaid "or" Freight collect" etc;
- Shippers' (consignors) copy being presented.



5.4.10 Receiving Documents:

If the beneficiary is being satisfied with the terms and conditions of the L/C then dispatch the goods to the buyer. After that dispatch the documents evidence dispatching of goods to the negotiating bank on or before the stipulated expiry date of the L/C. After receiving all the documents, the negotiating bank then checks the documents against the credit. If the documents are found in order, the bank will send it to the issuing bank.

5.4.11 Payment against document (PAD):

This is most sensitive task of the import department. The officials have to be very much careful while making payment. This task constitutes the following.

5.4.12 Loan against Trust Receipt (LATR):

If the documents are required to deliver against LATR (Loan against Trust Receipt), prior approval is required from Head Office. Documents to be delivered to the Importer through approved C&F agent for clearance of good for a certain period on the merit of goods & nature of business. For LATR the following vouchers are to be passed:

Dr. LATR A/C

Cr PAD A/C

5.5 Export Section

In the export section two types of L/Cs are opened

- Back to Back L/C
- Export LC

5.5.1 Back-to-Back L/C:

A back-to-back mechanism involves two separate L/Cs. One is master export L/C and another is back-to-back L/C. On the strength of Master L/C Bank issues Back to Back L/C. Back to Back



L/C is commonly known as Buying L/C. On the contrary, Master Export L/C is known as Selling.

Features of Back-to-Back L/C:

- Is an import L/C procedure goods/raw materials further processing
- Is opened based on Export L/C
- Is a kind of Export Finance
- Export L/C is at sight but back to back L/C
- No margin is required to open Back to Back L/C

Checklist to open Back-to-Back L/C:

- Application is registered with CCI & E and has bonded warehouse License.
- The Master L/C has adequate period and has no defective clause
- L/C value shall not exceed the admissible percentage of net FOB value of relative Master LC
- Usage period will be up to 180 days
- Papers required opening back to back L/C
- Import registration certificate & Export Registration certificate
- L/C Application & LCA form.
- Proforma Invoice/Indent
- Insurance Policy
- IMP form
- In addition to above following papers are required for read made garments industry
- Bonded warehouse license
- Quota allocation letter from EPB (where applicable)
- Letter of disclaimer from Landing if rented premises.

Steps to issue Back-to-Back L/C

- Obtain all required papers
- Check the credit limit
- Prepare offering sheet if regular credit line is not available
- Mark lien on the master L/C



- Issue the L/C

Payment under back-to-back L/C

- Payment at maturity out of exports proceeds
- In case of export failure or non-realization/Short realization of export proceeds forced loan i.e. Pad has to be created in order settle the back-to-back L/C payment.

Precautionary measures:

- Including the clause for pre-shipments inspection certificate
- Shipping guarantee under no circumstances
- Discrepant documents shall not be accepted
- Proper care regarding amendments of Master L/C

5.5.2 Export L/C:

The other type of L/C facility offered by Pubali Bank Limited is Export L/C. Bangladesh export a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), jute, Jute made products frozen shrimps, tea are the main goods that Bangladesh exporters exports to foreign countries.

Formalities for Export L/C:

The export trade of the country is regulated by the exports (control) Act, 1950. The formalities of export L/C are as follows

- 01) **ERC:** Exporters must hold a valid Export Registration Certificate (ERC). The ERC is required to be renewed every year. The ERC number is to be incorporated on EXP forms and other documents connected with exports.
- 02) **Obtaining EXP:** After having the registration, the exporter applies to Pubali Bank Ltd. With the trade license, ERC and the Certificate from the concerned the exporter, An EXP from contains the following particulars:
 - i) Name and address of Authorized Dealer
 - ii) Particulars of the commodity to be exported with Code
 - iii) Country of Destination
 - iv) Port of Destination
 - v) Quantity
 - vi) L/C value in Foreign Currency
 - vii) Terms of sale



- viii) Name and address of Importer/Consignee
 - ix) Bill of Landing/Railway Receipt/ Airway Bill/Truck Receipt/Post Parcel received no and date
 - x) Port of shipment/Post office of Dispatch
 - xi) Land customer post
 - xii) Shipment date
 - xiii) Name of the exporter with address
 - xiv) CCI & E's Register number and date of the exporter
 - xv) Sector (Public or Private) under which the Exporter falls.
- 03) Securing the order: Upon registration, the exporter may proceed to secure the export order. Contracting the buyers directly through correspondence can do this.
- 04) Signing of the contract.
- 05) Procuring the materials. After making the deal and on having the L/C opened in his favor, the next step for the exporter is to set about the task of procuring or manufacturing the contracted merchandise.
- 06) Registration of Sale: This is needed when the terms proposed to be exported are raw jute and jute goods.
- 07) Shipment of goods: The following are the documents normally involved at the stage of shipment.
- i) Export form
 - ii) Photocopy of registration certificate
 - iii) Photocopy of the contract
 - iv) Photocopy of the L/C
 - v) Customs copy of ERF form shipment of jute goods and EPC form for raw jute.
 - vi) Freight certificate from the bank in case of payments of the freight at the port of landing is involved
 - vii) Railway receipt, Berg Receipt of truck Receipt
 - viii) Shipping instructions
 - ix) Insurance policy

After that exporter submit all these documents along with a letter of indemnity to Pubali Bank for negotiation. An officer scrutinizes all the documents. If the documents is a clean one. Pubali



Bank purchases the documents on the basis of banker, customer relationship. This is known as foreign Documentary bill purchase (FDBP).

Foreign Documents Bills for Collection (FDBC):

Pubali Bank forwards the documents for collection due to the following reasons –

- i) If the documents have discrepancies
- ii) If the exporter is new client
- iii) The banker is in doubt.

Foreign documentary bills for collection signify that the exporter will receive payment only when the issuing bank gives payment. The exporter submits duplicate EXP from and commercial invoice subsequently. The of the bill is calculated and the following accounting entries are given-

Head office A/C	Dr. @ T.T Clean
Client's A/C	Cr @ O.D Sight
Government Tax A/C	Cr. % invoice value
Postage A/C	Cr
Income A/C. Profit on exchange	Cr.

After passing the above vouchers, an inter Branch exchange trading debit advice is sent to debit the NOSTRO account. Pubali Bank has NOSTRO accounts with its reimbursing bank. An FDBC register is maintained, where first entry is given when the documents are forwarded to the issuing bank for collection and the second one is done after realization of the proceeds.

5.6 Exchange rate and foreign remittance

5.6.1 Exchange rate:

Exchange rate is the rate at which a specific currency can be exchanged with a standard foreign currency. A foreign exchange transaction is either sells or purchase transaction. Therefore, the bank would quote two different rates of exchange.

Buying Rate & Selling rate:

The rate at which the central bank of any country buys foreign money is called buying rate. On the other hand, the rate at which the central bank of any country sells foreign money is called selling rate:



Classification of Exchange Rate:

01) Fixed Rate

02) Floating Rate:

- Independent Floating
- Managed floating
- Pegging
 - Single currency
 - Composite currency: a SDR, & b) Other basket

Exchange Rate Quotation:

Exchange rate quoted by the following two ways:

Direct: If the exchange rate is expressed in variable units of domestic currency for a fixed unit foreign currency. It is also called pence rate.

Indirect: If the exchange rate is expressed in variable units of foreign currency for a fixed unit of domestic currency. It is also called currency rate.

5.6.2 Foreign Remittance:

"Foreign remittance" means purchase and sale of freely convertible foreign currencies as admissible under Exchange Control Regulations of the country. Purchase of foreign currencies constitutes inward foreign remittance and sale of foreign currencies constitutes outward foreign remittance.

The transaction of the authorized dealer in foreign exchange involves either outward or inward remittances of foreign exchange from one country to another.

Foreign remittances of two kinds

- (i) Inward remittance &
- (ii) Outward Remittance

The term "Inward remittance" including not only remittances by TT, MT, Draft etc but also purchase or bills travelers cheque etc.

On the other hand, remittance from our country is called outward foreign remittance.



The foreign remittance department of Principal Branch, Pubali Bank, Dhaka is equipped with a number of foreign remittances facilities, which are –

- 01) Issuance of Foreign Demand draft
- 02) Issuance of Traveling Cheques
- 03) Endorsement of US \$ in Passport
- 04) Opening of Foreign Account
- 05) Opening of Student file

Foreign Demand Draft (FDD):

Pubali Bank accepts the charges for TOEFL, SAT, GMAT etc. through foreign demand draft. Pubali Banks opens students files to issue foreign demand draft following the permission if Bangladesh bank. Before issuance of FDD Pubali Bank asks the students to fill up the Travel & miscellanies (TM) form, which contains the following particulars.

- 01) Name of the students
- 02) Full address of the students
- 03) Amount of FDD in foreign currency
- 04) Purpose of Remittance
- 05) Address of the institution to which the FDD will be favored
- 06) Country of receiving payment
- 07) Passport No of the students with date of issue
- 08) Signature of the student

The TM is sent to Bangladesh Bank with photocopies of the Passport of the students and the FDD issued.

Opening of Foreign Account:

Pubali Bank limited opens foreign account. Foreign account is used for receiving foreign currency from abroad or for sending the currency to abroad. It can be used in favor of a person or in favor of exporters.

Following papers are required to open a foreign account:

- i) Exporters foreign currency account opening form (application form, two signature cards duly filled in an signed with authenticated seal and introduction)



- ii) Two copies of passport size photographs of each operator attested by chairman of the company.
- iii) Export registration certificate.
- iv) Attested photocopy of the membership certificate of the concerned association (BGMEA)
- v) An export proceeds realization certificate-declaration/undertaking regarding the utilization of foreign currency.
- vi) In case of Limited company
 - (a) Memorandum & articles of Association of the company.
 - (b) Power of Attorney
 - (c) Resolution of the Board of Directors.
 - (d) Certificate of Incorporation.
 - (e) Certificate of Commencement of Business
 - (f) List of Directors
 - (g) Trade License

Student file opening:

Student can endorse \$200.00 at a time in his own name. But if the amount exceeds \$ 200.00 then the student has to open a student file. For opening a student file, the following documents are required:

- i) Preliminary application and information admission
- ii) Letter of approval of the student by the University.
- iii) A filled up application form for foreign currency in abroad
- iv) “Transcript given by the Board for S.S.C/H.S.C equivalent examination.
- v) A photocopy of 1-7 form.

In case of tuition feeds, application must send the currency in favor of the institute. He can not take the fees of the institute with him personally. Usually a student has to endorse at least one third of the feeds of a year.



Chapter 06

- **SWOT Analysis**
 - **Findings**
- **Recommendation**



SWOT Analysis

SWOT is an acronym for the internal Strength and Weakness of a firm and the environmental Opportunity and Threat facing that firm. So if we consider Pubali Bank as a business firm and analyze its strength, weakness, opportunity and threat, the scenario will be as follows:

Strength:

- (a) Good management.
- (b) Cooperation with each other.
- (c) Usage of faster pc bank software.
- (d) Membership of SWIFT.
- (e) Good banker-customer relationship.
- (f) Online Banking services.
- (g) Strong financial position.
- (h) Strong position of CAMEL rating.
- (i) Huge business area.
- (j) Excellent monitoring and supervision.
- (k) Energetic as well as smart teamwork.



Weakness:

- (a) Lack of proper motivation, training and job rotation.
- (b) Lack of experience employees in junior level management.
- (c) Lack of own ATM services.
- (d) Tendency to leave the bank in quest of flexible environment.

Opportunity:

- (a) Expand market.
- (b) Growth of sales service.
- (c) Change in political environment.
- (d) Launching own ATM card.

Threat:

- (a) Different service of FCB's (Phone Banking / Home Banking)
- (b) Daily basis interest on deposit offered by HSBC.
- (c) Entrance of new PCB's



Findings

I have find out some points by screening the whole study, which is expressed as major findings. I have analyzed the data sincerely and carefully and have tried to identify appropriate findings. Moreover, conversations with the PBL officials were very significant for these findings.

After overall appraisal of PBL, the major findings are as follows:

- Position: Pubali Bank Limited is the pioneer in private sector banking operations of the country.
- Operational Orientation: Its' major operations are development & welfare oriented.
- Management System: Management system of PBL is fully democratic.
- Requirements of Bangladesh Bank: PBL always maintains the rules declared by Bangladesh Bank.
- Training Facilities: PBL provides training facilities to its officer of the bank and also provides executive development & internship program.
- Management Functions: The management functions (from planning to control) are not clearly present in their various activities.
- Computerization: Most of the activities are computerized.
- Manual Work: Paper-based works are still existed in branch.
- Decoration: It is a leading bank of Bangladesh but it has no attractive appearance in office environment.



Recommendation

In order to get competitive advantage & to deliver quality service, top management should try to modify the services. For the improvement of the service the following measures should be taken:

- Customer's Convenience: For customer's convenience, PBL should provide more personnel to deliver faster services to their honorable customer.
- Human Development: Development of human resources should be ensured to increase efficiency in work.
- Communication System: Ensure proper communication system and maintenance of files & machineries should modernize.
- Interest: More interest should be paid on deposit account so that customers are convinced to deposit their money in bank.
- R & D: Research & Development wing must be more extensive & rich.
- Strategy: Effective strategies must be undertaken against defaulter.
- Managerial Function: PBL must have to follow the management functions (from planning to control) strictly in all of their business activities and also operation the bank.
- Financial Analysis: Branch should have a separate section to analyze the financial statement for finding its liquidity, profitability & ownership ratios.
- Strict Rules for arrival and departure for the employee: Management should be strict about the arrival and departure time for the employees.
- Job Rotation: In PBL job rotation is fully absent job rotation is very important to make the entire employee efficient for all departments.
- Appreciation: No doubt that in PBL female employees are more efficient and hard working than male employees. It is very important to appreciate them and give them proper respect. Because if they get the appreciation then they can increase their volume of work. It is not only for the female it is also important both for male and female employees.
- Image: Office should be fully redecorated to attract people to come into it.



Conclusion

There are a number of nationalized and foreign banks operating their activities in Bangladesh. The PBL is one of them. For the future planning and the successful operation in achieving in its' PBL goal in this current competitive environment this report can be a guideline.

Bank always contributes towards the economic development of a country. PBL, compared with other banks are contributing more by investing most of their funds in fruitful projects leading to increase in production. It is obvious that right thinking of this bank including establishing a successful network over the country and increasing resources, will be able to play a considerable role in the portfolio of development financing in the developing country like ours.

PBL continues to play its' leading role in socio-economic development of the country as a companion of Independent Bangladesh. Besides its' traditional function such as deposit mobilization, deployment of fund in trade, commerce, industry, agriculture, import & export business, outward and inward remittance as an agent of Bangladesh Batik of PBL has emerged as the pioneer of playing key role in the country.

Pubali Bank is a private bank but it has no attractive environment ii their branch and all branches are not computerized, even total cash are not properly use when this bank develop their all branch by attractive environment and computerized. On the other hand cash are properly used at that time this bank reached in the top-level private bank in our country. If the Bank cannot fulfill these things, they cannot run in the future with their competitors Bank.



Acronyms

BB	Bangladesh Bank
PBL	Pubali Bank Limited
BL	Bill of Lading
CC	Cash Credit
C & F	Clearing & Forwarding
CIB	Credit Information Bureau
CRF	Clean Report Findings
EPB	Export Promotion Bureau
ERC	Export Registration Certificate
EXP	Export Form
IBCA	Inter Branch Credit Advice
IBCT	Inter branch Credit Transaction
IBDA	Inter Branch Debit Advice
ID	International Division
IMP	Import Form
IRC	Import Registration Certificate
LIM	Loan against Imported Merchandise
LATR	Loan against Trust Receipt
MBM	Masters in Bank Management
OBC	Outward Bills for Collection
PAD	Payment against Document
SOD	Secured Overdraft
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TIN	Tax Identification Number



Bibliography

- Brigham, Eugene F Joel E. Houston, “Fundamental of Financial Management”, Ninth Edition, Harcourt Publisher International Company, 2014.
- Basudevan, S.V., Theories of Commercial Banking, Reading Materials on Theory & Practice of Banking (B-101), Bangladesh Institute of Bank Management (BIBM), 2014.
- Rose Peter. “Commercial Bank Management”, Third Edition, Irwin McGraw-Hill Publisher, 2012.
- Bangladesh Bank, Guideline for Foreign Exchange Transactions, Volume 1 & 2
- Pubali Bank Limited, Manual of Foreign Exchange.
- Pubali Bank Limited, Annual Report 2011-2015

☑ Website

- www.pubalibangla.com