

AN INTERNSHIP REPORT
ON

*General Banking Activities of Sonali Bank Limited,
A Study on Suihari Branch, Dinajpur*



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(Major in Finance)

Semester- V

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October-24, 2016

LETTER OF TRANSMITTAL

October-24, 2016

SAIFUL ISLAM

Assistant Professor

Department of Accounting

Hajee Mohammad Danesh Science and Technology University, Dinajpur.

Subject: Submission of Internship Report.

Dear Sir,

With immense pleasure, I am submitting my internship report of “**General Banking Activities of Sonali Bank Ltd. - A Study on Suihari Branch, Dinajpur**” which was assigned to me as a partial requirement of my MBA (Evening) degree. I have tried my level best to complete this report with the necessary information and guidelines that you have provided me.

I hope that the report will be completed as your expectations.

Thank you

Sincerely,

MD. MAMUN PARVES

Student ID. E140503058

MBA (Evening)

(Major in Finance)

Semester-V

Faculty of Business Studies

Hajee Mohammad Danesh Science and Technology University, Dinajpur.



Student's Declaration

I do hereby declare that the internship report **General Banking Activities of Sonali Bank Ltd. - A Study on Suihari Branch, Dinajpur**” embodies the result of my own internship works and efforts, prepared under the supervision of Saiful Islam, Assistant Professor, Department of Accounting, Hajee Mohammad Danesh Science and Technology University, Dinajpur.

I further affirm that work and information reported in this internship report is original and no part or whole has been submitted to, in any form, any other University or Institution for any degree or any other purpose.

MD. MAMUN PARVES

Student ID. E140503058

MBA (Evening)

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Semester-V

Faculty of Business Studies

Hajee Mohammad Danesh Science and Technology University, Dinajpur.



Certificate of Supervisor

This is to certify that Md. Mamun Parves, Student ID: E140503058, MBA (Evening) 3th Batch, Faculty of Business Studies has successfully completed MBA (Evening) Internship Program titled on “**General Banking Activities of Sonali Bank Ltd. - A Study on Suihari Branch, Dinajpur**” under my Supervision and Guidance.

I also certify that I have gone through the report and found it satisfactory for submission to the Faculty as a part of partial fulfillment of MBA (Evening) degree.

I recommend the report to submit for awarding Masters of Business Administration, HSTU, Dinajpur.

Therefore, he is directed to submit his Report for Evaluation. I wish him success at every sphere of Life.

SAIFUL ISLAM

Assistant Professor

Department of Accounting

Faculty of Business Studies

Hajee Mohammad Danesh Science and Technology University, Dinajpur.



Certificate of Co-Supervisor

This is to certify that Md. Mamun Parves, Student ID: E140503058, MBA (Evening) 3th Batch, Faculty of Business Studies has successfully completed MBA (Evening) Internship Program titled on “**General Banking Activities of Sonali Bank Ltd. - A Study on Suihari Branch, Dinajpur**” under my Supervision and Guidance.

I also certify that I gone through the report and thoroughly found it satisfactory for submission to the Faculty as a part of partial fulfillment of MBA (Evening) degree.

I recommend the report to submit for awarding Masters of Business Administration, HSTU, Dinajpur.

Therefore, he is directed to submit his Report for Evaluation. I wish him success at every sphere of Life.

SOURAV PAUL CHOWDHURY

Assistant Professor

Department of Management

Faculty of Business Studies

Hajee Mohammad Danesh Science and Technology University, Dinajpur.





Sonali Bank Limited

Phone: 0531-64067

Suihari Branch, Dinajpur

Email: sbsuihari@gmail.com

NO/SBL/DIN/SUI/551


Date: 20/10/2016

TO WHOM IT MAY CONCERN

This is to certify that **Md. Mamun Parves** having Student ID No- **E140503058**. Department of Finance, a student of Hajee Mohammad Danesh Science and Technology University (HSTU), Dinajpur, MBA (Evening) program has successfully completed his **45 (Forty Five) day's** internship program (**From 01 September to 15 October**) at Sonali Bank Limited, Suihari Branch, Dinajpur.

During his internship period **Md. Mamun Parves** was found honest, sincere & responsible to his assigned duties.

We wish his every success for the days to come.


20/10/16

(Md. Abul Hashem)
Manager (Principal Officer)
Sonali Bank Limited
Suihari Branch, Dinajpur



DEDICATED TO
MY
BELOVED PARENTS



ACKNOWLEDGEMENT

*It is my great privilege to express our gratitude to our creator Allah (SWT) for such great opportunity to be in touch with Sonali Bank Limited for the 45 days. I have to put my heartened feelings and gratitude for the kindness and assistance that was provided to me to complete my assigned report on the topic “**General Banking Activities of Sonali Bank Ltd. - A Study on Suihari Branch, Dinajpur**” In preparing the report. I want to express my strong gratitude to my Honorable supervisor, **Saiful Islam**, Assistant Professor, Department of Accounting, Hajee Mohammad Danesh Science and Technology University. I will never forget the kind cooperation which I received from my Honorable supervisor.*

I express my heart full thanks to all the faculty members of Sonali Bank Limited especially Md. Md. Sohorab Hossain, Manager (Principal Officer), SBL, Suihari Branch, Dinajpur and all other faculty members who gave me necessary information and excellent guidance to prepare this internship report.

*I am very grateful to S. Gowtom Chandra Sil, Officer & Credit-in-Charge Suihari Branch, Dinajpur to learn about SBL, ‘**Banking Activities of Sonali Bank Ltd.**’ due to their hearty, kind and helpful cooperation with me. I would also like to thanks all the other employees of al level for their beloved manner and attitude that they had shown to me during the staying in the Branch.*

I would like to thank from the deep of my heart to those people who are related with making of this report and make it a success.

At last but not the least, Hajee Mohammad Danesh Science and Technology University, Dinajpur for giving me an opportunity to complete my MBA (Evening) degree and give me a scope to gather practical experience and enrich my knowledge.

*May **ALLMIGHTY ALLAH** bless all of them.*



EXECUTIVE SUMMARY

Banks are most active financial intermediary in today's world. As a financial institution bank mainly operate to communicate among persons and effectively works as safeguard among them in this age globalization. In recent years this sector is becoming competitive day by day as the number of banks is increasing. So retaining customers and banks position every bank is in need to provide improved quality customer service nowadays and this report tries to identify banks service role provided to the customers through evaluating general banking of SONALI BANK Suihari branch. I examined different aspects of customer services with regards to their satisfaction level identify its impact and usefulness in general banking procedures. The report provides a general view on Sonali Bank Limited, theoretical aspects related to general banking as well as gives an idea about customer services provided and its gaps in Bangladeshi banks to retain its customers. This study also tries to clarify the operating procedures of general banking department of SBL as a commercial bank and also tries to identify some aspects of further improvement in operations. I have included various points inside the report to highlight the general banking sector's performance of Sonali Bank Limited. I have started with the history of the banking sector in Bangladesh and development of this sector and the overview of banking industry. Then I have discussed about the Sonali Bank's overview, its company chronicle, its mission, vision, goal, objectives as well as its organ gram, time line of SBL-at a glance, its organizational structure and structural of management, also the products and services launched by this bank and then I came to the main point of my report which is Service gaps in the general banking sector of Sonali bank ltd. In this sector, I wanted to highlight the provided service functions of this bank, how they are provided to the customers through general banking activities and how they are retaining their customers through the help of SERVQUAL. Finally, I have found some problems in order to operate their business also recommended how to remove these problems to operate its business smoothly in the upcoming years.



Preface

We devoted our best effort and attention to gather academic knowledge from our academic books. Books are the principle source of knowledge. So the educational institute of Bangladesh is enlightened by the theoretical knowledge rather than practical. But it is true that education cannot be fulfilled without the combination of these two components.

It is matter of immense pleasure to us that the Faculty of Business of Hajee Mohammad Danesh Science & Technology University, Dinajpur has taken massive program entitling “Internship Program” at the end of final examination of Evening MBA with a view to the knowledge of students practically. Undoubtedly, it is a timely endeavor to make our MBA (Evening) degree holders more dynamic and operational to adept with the ever changing business field.

*My respected and honorable Saiful Islam Sir selected the topic “**General Banking Activities of Sonali Bank Ltd. - A Study on Suihari Branch, Dinajpur**” as my Internship program. I have tried my best to bring out the fulfillment of the report to highlight the aspect of the subject. My effort will be meaningful if this report serves the purpose effectively.*

I acknowledge with thanks for all suggestion received from my honorable teacher for finishing the program.



ACRONYMS

SBL	Sonali Bank Limited.
AD	Authorized Dealer
ATM	Automated Teller Machine
CC	Cash Credit
COF	Cost of Fund
EPS	Earnings Per Share
FCA	Foreign Currency Account
NI	Net Income
OBC	Outward Bills for Collection
ROA	Return on Asset
ROI	Return on Investment
SOD	Secured Overdraft
SSI	Small-scale Industries
TIN	Tax Identification Number
Tk.	Taka
FTOD	Foreign Trade Operation Division
FRMD	Foreign Remittance Management Division
TFMD	Treasury and Fund Management Division
AMD	Asset Management Division
FRSD	Foreign Remittance Service Division
GID	General Investment Division
RDO	Rural Development Operation
PID	Project Investment Division
FAD	Financial Administration Division
ITD	Information & Telecommunication Division
RDS	Rural Development Scheme
SME	Small & Medium Enterprise



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Chapter: One

Introduction

1.1 INTRODUCTION

Banking has a long and rich history. It started as a result of people's need and with ages it has been playing an important role in fulfilling the crying needs of businessmen and others. As the size and complexities of business is increasing day by day. Banking sector is also providing various innovative services with basic functions to increase size but to reduce the complexities.

Modern banking is a result of evolution driven by changing economic activities and life styles. Entering into a new millennium, banking needs have become more diverse and exotic than ever before. It is known now that commercial bank is a profit maximizing institution. Hence it should provide loans to those sectors in which its return is higher. But the nationalized commercial banks are conducting banking business with different purposes. The main purpose is not just to make profit but also to maximize the social benefit. The main functions of commercial banks are as follows:

A commercial bank collects and manages deposits. It provides cheque facilities and interests for its customer deposits which may be either demand or time deposits of different maturity.

A commercial bank extends credit to a great variety of borrowers through loans as well as by purchasing securities that are either fully or partly financed by commercial banks.

Commercial banks provide a variety of other services to their customers as for example remittance facilities, credit information about customers, financial advice, collection of debts and dues etc.

Banks also provide a number of trust services to their customers. These services may either corporate trust services, which arise in connection with the issue of bonds; personal trust services under which they manage property on behave of their clients or corporate pension funds that provide retirement benefit for their employees.



1.2 STATEMENT OF THE PROBLEM

Sonali bank Ltd. is one of the largest commercial bank, which plays a vital role in the economic development of the nation through saving and credit. It diverts and allocates the funds in all over the country, which are aimed to develop country's economy and add national wealth.

1.3 IMPORTANCE OF THE TOPIC

The topic that has been assigned by the supervisor is “**General Banking Activities of Sonali Bank Ltd**”. The importance of this topic is given below...

- To describe the customer service process of Sonali Bank Limited.
- To know how the branches are efficiently controlled.
- To know the operation of Sonali bank in Bangladesh.
- To be accustomed with the management policy or process of Sonali Bank Ltd in Bangladesh
- Give an idea regarding general banking system in SBL.

1.4 OBJECTIVES OF THE STUDY

This study is intended for providing me valuable practical knowledge about banking operation system in Bangladesh. However, the specific objective is the following:

(A) Broad Objective:

The objectives of the study are as follows:

1. To reveal the general banking activities of Sonali Bank Limited, Suihari Branch, Dinajpur
2. To find out the problems (if any) relating to the general banking activities of Sonali bank Limited, Suihari Branch, Dinajpur
3. To recommend some suggestions based on findings



(B) Specific Objective:

- To fulfill the partial requirement of the internship program as a full credit subject of the MBA (Evening) program.

1.5 LIMITATIONS OF THE STUDY

- The present study was not out of limitations. But as an internee it was a great opportunity for me to know the banking activities in Bangladesh - especially of Sonali Bank Limited. Some constraints are appended bellow:
- **Lack of Information or Data:** Adequate and in-depth well-organized information is not available for access. Though the officials tried to assist, sometimes their working pressure couldn't give me proper assistance what I needed. There is some information which need special permission from top level is not always achievable.
- **Time Constraint:** It is something like impossible to cover the entire Overall Banking Performance and performance phenomena exploiting a three month time period while an employee or an officer is awarded with one or two year probationary period to do his or her particular job.
- **Secrecy of Information:** Some of the information needed to explore the current marker scenario of the company was not disclosed.
- **Comparison Status:** I have had no opportunity to compare the foreign exchange banking system of the Sonali Bank with that of other contemporary and common size banks. I had compared the banks that information is available. It was mainly because of the shortage of time and internship nature.
- **Lack of Experience:** Though I have prepared many reports before, I had no experience of internship. So inexperience is one of the main constraints of the study.



Chapter: Two

Organizational Overview

2.1 OVERVIEW ON THE BANKING INDUSTRY OF BANGLADES

The development process of a country largely depends upon its economic activities. Banking is a powerful medium among other spheres of modern socio-economic activities for bringing about socio-economic changes in a developing country like Bangladesh. Three different sectors like Agriculture, commerce, and industry provide the bulk of a country's wealth. With the passage of time the functions of the bank has got a multi-dimensional configuration. Of all the functions of a modern bank, lending is by far the most important. They provide both short-term and long-term credit. The customers come from all walks of life, from a small business a multi-national corporation having its business activities all around the world. The banks have to satisfy the requirements of different customers belonging to different social groups. To regulate the activities of other banks, all the commercial private and/or nationalized, and specialized banks perform service related activities within the jurisdiction of the central bank. In our country, Bangladesh the role of the central bank is entitled to be executed by Bangladesh Bank.

The bank was responsible for regulating currency, controlling credit and monetary policy, and administering exchange control and the official foreign exchange reserves. The Bangladesh government initially nationalized the entire domestic banking system and proceeded to reorganize and rename the various banks. Foreign-owned banks were permitted to continue doing business in Bangladesh. The insurance business was also nationalized and became a source of potential investment funds. Cooperative credit systems and postal savings offices handled service to small individual and rural accounts. The new banking system succeeded in establishing reasonably efficient procedures for managing credit and foreign exchange. The primary function of the credit system



throughout the 1970s was to finance trade and the public sector, which together absorbed 75 percent of total advances.

The government's encouragement during the late 1970s and early 1980s of agricultural development and private industry brought changes in lending strategies. Managed by the Bangladesh Krishi Bank, a specialized agricultural banking institution, lending to farmers and fishermen dramatically expanded. The transformation of finance priorities has brought with it problems in administration. No sound project-appraisal system was in place to identify viable borrowers and projects. Lending institutions did not have adequate autonomy to choose borrowers and projects and were often instructed by the political authorities. In addition, the incentive system for the banks stressed disbursements rather than recoveries, and the accounting and debt collection systems were inadequate to deal with the problems of loan recovery. It became more common for borrowers to default on loans than to repay them; the lending system was simply disbursing grant assistance to private individuals who qualified for loans more for political than for economic reasons. The rate of recovery on agricultural loans was only 27 percent in FY 1986, and the rate on industrial loans was even worse.

As a result of this poor showing, major donors applied pressure to induce the government and banks to take firmer action to strengthen internal bank management and credit discipline.

2.2 LIST OF SCHEDULED BANKS IN BANGLADESH

State-owned commercial banks

State-owned banks are functioning as nationalist. Among the state owned banks, six are commercial and two are specialized. Here is the list:

State-owned Commercial Banks

1. Sonali Bank Limited
2. Janata Bank Limited
3. Agrani Bank Limited
4. Rupali Bank Limited
5. BASIC Bank Limited
6. Bangladesh Development Bank Limited



State-owned Specialized Banks

1. Rajshahi Krishi Unnoyon Bank (RKUB)
2. Bangladesh Krishi Bank Limited

Private commercial banks

Private banks are the highest growth sector due to the dismal performances of government banks (above). They tend to offer better service and products. Here is the list:

1. AB Bank Limited
2. Bangladesh Commerce Bank Limited
3. Bank Asia Limited
4. BRAC Bank Limited
5. Dhaka Bank Limited
6. Dutch Bangla Bank Limited
7. Eastern Bank Limited
8. IFIC Bank Limited
9. Jamuna Bank Limited
10. Meghna Bank Limited
11. Sonali Bank Limited
12. Midland Bank Limited
13. Modhumoti Bank Limited
14. Mutual Trust Bank Limited
15. National Bank Limited
16. NCC Bank Limited
17. NRB Bank Limited
18. NRB Commercial Bank Limited
19. NRB Global Bank Limited
20. One Bank Limited
21. Prime Bank Limited
22. Pubali Bank Limited
23. South Bangla Agriculture and Commerce Bank Limited (www.sbacbank.com)
24. Southeast Bank Limited
25. Standard Bank Limited



26. The City Bank Limited
27. The Farmers Bank Limited
28. The Premier Bank Limited
29. Trust Bank Bangladesh Limited
30. United Commercial Bank Limited
31. Uttara Bangladesh Bank Limited

There are eight private Islamic Commercial Banks in Bangladesh:

1. Islami Bank Bangladesh Limited
2. Al-Arafah Islami Bank Limited
3. Export Import Bank of Bangladesh Limited
4. Social Islami Bank Limited
5. Shahjalal islami Bank Limited
6. First Security Islami Bank Limited
7. Union Bank Limited
8. ICB Islamic Bank Limited

Foreign commercial banks

There are nine foreign commercial banks currently operating in Bangladesh. These are:

1. Bank Al-Falah
2. Citibank NA
3. Commercial Bank of Ceylon
4. Habib Bank Limited
5. HSBC (The Hong Kong and Shanghai Banking Corporation Ltd.)
6. National Bank of Pakistan
7. Standard Chartered Bank
8. State Bank of India
9. Woori Bank

Specialized banks

Specialized banks were established for specific objectives like agricultural or industrial development. These banks are also fully or majorly owned by the Government of Bangladesh. Scheduled Specialized Banks:



1. Bangladesh Krishi Bank
2. Rajshahi Krishi Unnayan Bank

Non-Scheduled Specialized Banks:

1. Karmasangsthan Bank
2. Probashi Kallyan Bank
3. Palli Sanchay Bank
4. Ansar-VDP Unnayan Bank

Currently, the major financial institutions under the banking system include:

- Bangladesh Bank
- Commercial Banks
- Islamic Banks
- Leasing Companies
- Finance Companies

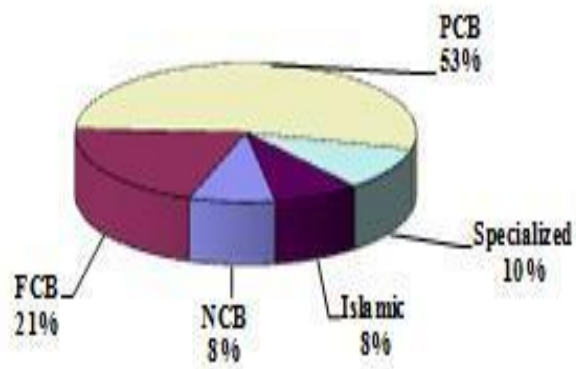


Figure: Scheduled Banks in Bangladesh

2.3 OVERVIEW OF SONALI BANK LIMITED

2.3.1 Sonali Bank Limited

Soon after independence of the country Sonali Bank emerged as the largest and leading Nationalized Commercial Bank by proclamation of the Banks' Nationalization Order 1972 (Presidential Order-26) liquidating the then National Bank of Pakistan, Premier Bank and Bank of Bhawalpur. As a fully state owned institution, the bank had been discharging its nation-building responsibilities by undertaking government entrusted different socio-economic schemes as well as money market activities of its own volition, covering all spheres of the economy.

The bank has been converted to a Public Limited Company with 100% ownership of the government and started functioning as Sonali Bank Limited from November 15, 2007 taking over all assets, liabilities and business of Sonali Bank. After corporatization, the management of the bank has been given required autonomy to make the bank competitive & to run its business effectively.

Sonali Bank Limited is governed by a Board of Directors consisting of 11 (Eleven) members. The Bank is headed by the Managing Director & CEO, who is a well-known Banker and a reputed professional. The corporate head quarter of the bank is located at Motijheel, Dhaka, Bangladesh, the main commercial center of the capital.

Some notable features of the Bank are as follows:


2.3.2 Some Notable Features of the Bank

Capital Structure:	
Authorised Capital	Tk. 6000.00 Core.
Paid up Capital	Tk. 3380.00 Core

Branches & Subsidiaries:

1	Total No of Branches	1207		
	a.	No of Foreign branches	2	
	b.	No of Local branches	1205	
		i)	No of Rural Branches	862
		ii)	No of Urban Branches	343
2	No of Regional Offices	19		
3	No of Principal Offices	46		



4	No of G.M. Offices	11	
Subsidiaries		3	1. Sonali Bank (UK) Limited having 6 (six) branches in UK. 1. Sonali Exchange Company Incorporated (SECI) having 10 (Ten) branches in USA.
			2. Sonali Exchange Company Incorporated (SECI) having 09 (nine) branches in USA.
			3. Sonali Investment Limited (Merchant Banking) having 4 (Four) branches at Motijheel, Paltan, Uttara, Mirpur in Dhaka and 1 (One) branch in Khulna, Bangladesh.
Representative Office		3	1(one) in Jeddah, KSA; 1 (one) in Riyadh, KSA and 1 (one) in Kuwait.
Logo			

Associates:

1. Sonali Bank (UK) Limited having 6 (Six) branches in UK.
2. Sonali Polaris FT Limited

Representative Offices : 3 : 1(One) in Jeddah, KSA; 1 (One) in Riyadh, KSA and 1 (One) in Kuwait.
Correspondenc : 639

Corporate Profile

Name of the Company	: Sonali Bank Limited
Chairman	: Mr. Fazle Kabir
Managing Director & CEO	: Mr. Pradip Kumar Dutta
Company Secretary	: Mr. A.K.M Sajedur Rahman Khan
Legal Status	: Public Limited Company
Genesis	: Emerged as Nationalised Commercial Bank in 1972, following the Bangladesh Bank (Nationalisation) Order No. 1972 (PO No.26 of 1972)
Date of Incorporation	: 03 June, 2007
Date of Vendor's Agreement	: 15 November, 2007
Registered Office	: 35-42, 44 Motijheel Commercial Area, Dhaka, Bangladesh
Authorised Capital	: Taka 6000.00 Crore
Paid-up Capital	: Taka 3830.00 Crore
Number of Employee	: 22,446
Number of Branches	: 1207
Phone-PABX	: 9550426-31, 33, 34, 9552924
FAX	: 88-02-9561410, 9552007
SWIFT	: BSONBDDH
Website	: www.sonalibank.com.bd
E-mail	: itd@sonalibank.com.bd



2.3.3 District wise SBL Branches in Bangladesh Map:



2.3.4 Mission of SBL



Dedicated to extend a whole range of quality products that support divergent needs of people aiming at enriching their lives, creating value for the stakeholders and contributing towards socio-economic development of the country.

Apart from there are some missions of SBL as follows:

- Transformation into a service-oriented technology-driven profit earning bank.
- Ensure fast, accurate and best-in-class customer service.
- Balanced and suitable growth strategy.
- Introducing innovative banking products.
- Attract and retain high quality human resource.
- Empowering real poor families and create local income opportunities.
- Providing support for social benefit organizations-by way of mobilizing funds and social services.

2.3.5 Vision of SBL



- Socially committed leading banking institution with global presence.
- In our journey towards continuous excellence we are striving to become county's

leading commercial bank offering one-step service of a wide range of value added products and services meeting the need of our customer; conducting our business ethically in accordance with the laws of banking while optimizing the best utilization of the most modern state-of-the-art technological solution through creation of a proactive organizational culture based on sound team spirit, fairness, mutual understanding and pragmatic leadership always remaining open to new ideas and adaptable to the best practice in the market insuring recognition and quality banking experience to our customers and deliver best value to all our stakeholders as well.

2.3.6 Slogan of SBL

“Your trusted partner in innovating banking.”

2.3.7 Function of Sonali Bank Ltd

Main functions of Sonali Bank Ltd are:-

1. Receiving of money on deposits
2. Conducting cash transaction of customers who have current accounts
3. Attending bills of exchange and drafts of customers.
4. Sanction of loan
5. Providing other services to the customers, e.g.
6. Transfer of money
7. Collection of receipts
8. Collecting interest, dividends, rents, pensions, etc.
9. Act as an advisor



2.3.8 Core Business of Bank

- Corporate Banking
- Project Finance
- SME Finance
- Consumer Credit
- International Trade
- Trade Finance
- Loan Syndication
- Foreign Exchange Dealing
- Rural and Micro credit
- NGO-Linkage Loan
- Investment
- Government Treasury Function
- Money Market Operation
- Capital Market Operation
- Remittance

2.3.9 Government Intervention

Financial services have traditionally been the subject of close government scrutiny and it is to be expected that exchange rates, interest rates and terms of credit should be closely monitored in the public interest. In the recent years, however, governments have tried to use interest rates, credit regulations and informal controls on banks as a means of managing the supply of money in the economy in an effort to increase or reduce consumer spending and to hold back or promote investment by business. During the 1976 to now, the effect of these policies has been to add a new dimension of risk and uncertainty to financial markets which were already fluctuating wildly because of the oil crisis, the commodity boom, increasing inflation and controlled exchange rates.

Besides government is a big problem for the nationalized bank in Bangladesh. Government forces to the nationalized bank to insider lending, lend to government's priority sector, state-owned enterprises, sick industries, borrowers with political



influence as well as provide exemption schemes to fulfill its pre-election commitment. The loan exemption program of 1986-87 and 1991-92 exempted 11.37 percent and 25.56 percent respectively of total bank loan outstanding. As a result, nationalized commercial banks are burdened with very large classified loans (32 percent of total loans) against which very large provisions had to be made which affected profit position adversely. Classified loans in the country's banking sectors on June 30, 1996 amount to 33.0 percent of total loans. It was 34.9 percent as on December 31, 1993. However, net income of local banks is drastically reduced, as the required to maintain very large provisions for bad debts and interest suspense accounts

2.3.10 Management

The management of the bank is vested on a board of directors, subject to overall supervision and directions on policy matters by the board which is constituted in terms of Bangladesh bank (Nationalization) Order 1972 (**Figure-3.1**). Board of directors, constituted by seven members has authority to organize, operate and manage its affairs on commercial consideration within the board policy of government. There are directors appointed by the government. Other members of the board including MD are also government appointed out of that at least three have the experience in the field of Finance, Banking, Trade, Commerce, Industry and Agriculture. The managing director is the Chief Executive of bank. He executes all the activities under the direction of board. All line and staff personnel of bank's are own recruitment except member of board of Direction.



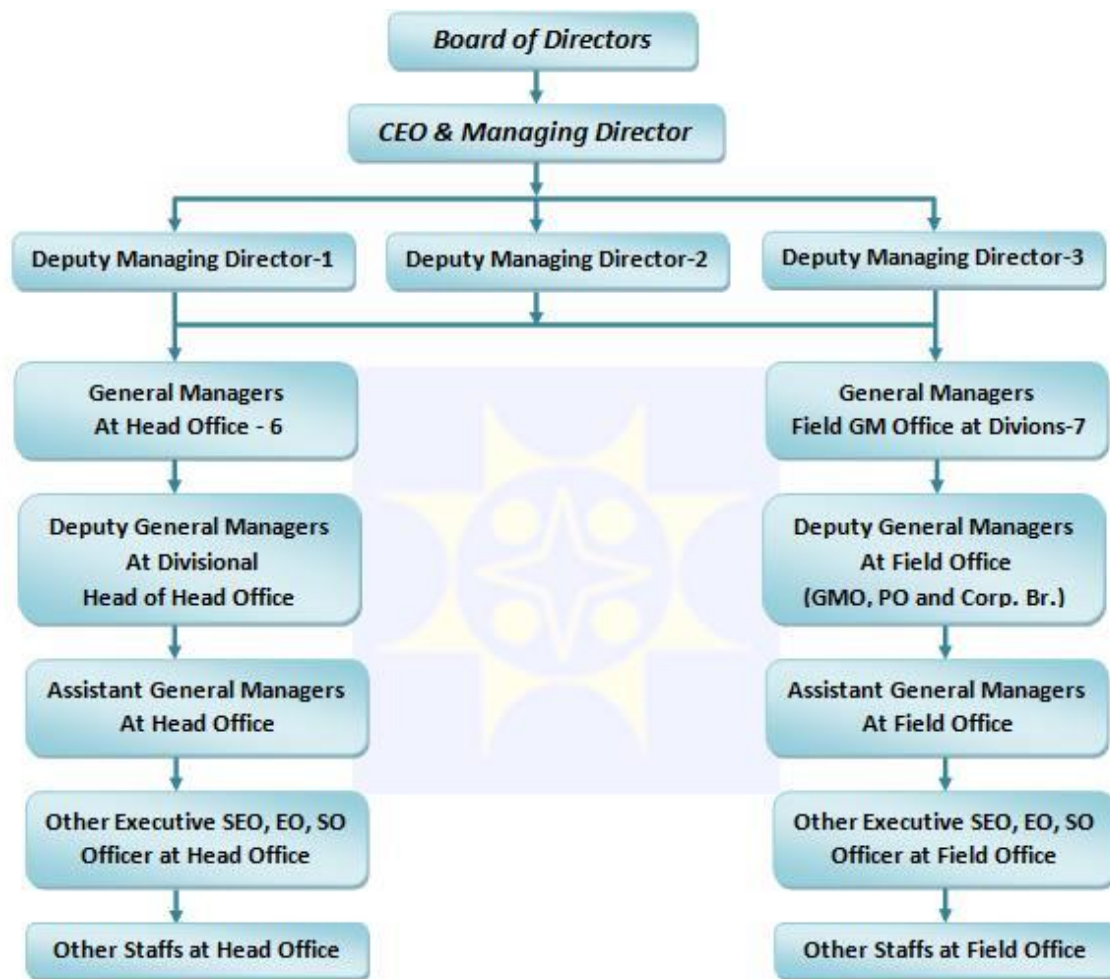


Figure-2.1: Hierarchy of Position

2.3.11 Organization

Sonali Bank is the largest nationalized commercial bank of the country. It has extended 1204 branches throughout the country and abroad to serve the nation. There are two; Sonali Exchange Company incorporations (SECI) in UAS and others are in planning stage. The head office of the bank is located at motijheel commercial Area, Dhaka that is the controlling Headquarter (**Figure-2.2**). It has eight GM officers in six Divisional Headquarters and twenty six principle Officers and thirty two headed by Regional Officers. Principle Officers is headed by DGM and each Department is headed by AGM. Different grade officers depending on the size and nature of branch head the branches.

Principal office Headquarter has jurisdiction over the entire area of a District i.e. the principle office is the local point of the bank's administrative zone of the District. The regional officer is situated in the Thana level within the district, is under control and

supervision of the principle office of the district. Regional officer are responsible for their activities to the principle office.

Regional heads exercise control and supervision overall the branches within their jurisdiction and keep the head of principle office informed the progress of their respective areas from time to time.

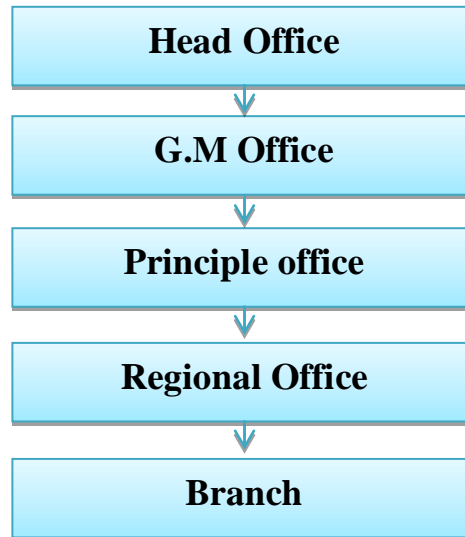


Figure-2.2: Functional Hierarchy

2.4 OVERVIEW OF SONALI BANK LIMITED SUIHARI BRANCH, DINAJPUR

As I have worked Sonali bank Ltd. At Shuihari branch, Dinajpur for forty five (45) days in general Banking Department, I have taken help in making report from the following sections' officers with whom I work and from As officers with whom I work and from my knowledge I gathered during Internship period. The sections are given bellow:

1. Account Opening Section
2. Cash Section
3. Clearing Section
4. Pay Order Section
5. Deposit Section

2.5 TITLE**Sonali Bank Ltd.**

Suihari Branch,

Dinajpur.

2.6 LOCATION

At the central point of area in Suihari;

Dinajpur- 5200.

Bangladesh.

2.7 CONTACT INFO

Telephone NO: 88-0531-64067

E-mail:

sblsuihari@gmail.com

brsuihari@sonalibank.com.bd

2.8 FOURTEEN (14) EMPLOYEES WORK HARE.

Sl no	Name of the employee	Rank of the employee
1	Md. Abul Hashem	Manager (Principal officer)
2	Mohasinara Begum	Senior officer (cash)
3	Mostak sultan Ahmed	Senior officer (cash)
4	Md. Geasuddin	officer
5	Begum Akterunnahar	Officer(cash)
6	Md .Toffazalhossain	Officer (cash)
7	Amrito Kumar Roi	Officer
8	S. Gowtom Chandra Sil	officer
9	Mowsume Islam	officer
10	Navira Alaive	officer
11	Md. Towhidulislam	Officer (IT)
12	Mrs. Lokkhi rani Saha	Officer (IT)
13	Kalipodorai	Junior Officer
14	Md. Reajul Islam	Sub supporting staff



Chapter: Three

Methodology

3.1 POPULATION

All the Branches of SBL located in everywhere in Bangladesh has been taken into consideration as population.

3.2 SAMPLE

Sonali Bank Bangladesh Ltd, Suihari branch, Dinajpur-5200.

3.3 DATA COLLECTION

For carrying out this report I had to study the actual banking operations of SBL. In order to carry out this study, two sources of data have been used.

a) Primary data

b) Secondary data

Primary Sources:	
<ul style="list-style-type: none"> ▪ Direct interview & conversation: All respective personnel of SBL, Suihari Branch, Dinajpur. 	<ul style="list-style-type: none"> ▪ Official records.

Secondary Sources	
<ul style="list-style-type: none"> ▪ Annual reports of SBL. ▪ Manual of different department. ▪ Newspapers. ▪ Internet. ▪ Bank's website. 	<ul style="list-style-type: none"> ▪ Journal. ▪ Periodical publications. ▪ Banking related text books, Relevant books, Research papers, Newspapers and Journals, Manuals. ▪ Research papers, training materials.



3.4 SAMPLE SIZE

Sample is a subgroup of the elements of the population selected for participation the study. To accumulate the required data I have contacted with concerned executive of Sonali Bank Bangladesh Limited (SBL). In case of industry diagnosis I have got in close with the responsible personnel of Project Implementation Department of SBL to collect the information.

The sample I have taken for the study consists of all personnel of Suihari Branch of SBL.

3.5 SAMPLING TECHNIQUE

Here I have used **non-probability judgmental sampling** that attempts to obtain a sample of convenient element based on the judgment of the researcher.

3.6 LOCATION OF THE STUDY

The area of my study has been encompassed the operation area of Suihari Branch, Dinajpur.

3.7 LIMITATIONS OF THE STUDY

From the intention to make the report realistic and properly accepted this report has been conducted. However, many problems appeared in the way of conducting the study. During the study it was not possible to visit the whole area covered by the bank although the financial statements and other information regarding the study have been considered. The study considers following limitations:

1. The major limitation I faced in preparing this report was the sensitivity of the data. As it is a highly competitive market, if the margin information is released to other competitors, it may have a negative impact on their business. Resultantly, in some cases management were reluctant to give some specific data.
2. Confidentiality of data was another important barrier that was confronted during the conduct of this study. Every organization has their own secrecy that is not revealed to others. While collecting data on SBL, personnel did not disclose enough information for the sake of confidentiality of the organization
3. Time limitation is also a big factor, which hinders the data collection process. Due to time limitation much aspect could not be discussed in the present study.
4. As I am a newcomer, there is a lack of previous experience in this concern and many practical matters have been written from our own observation that may vary from Person to person.



3.7.1 Banking Technology

COMPUTERIZATION: Sonali Bank starts its computerization process at December, 1989. After that it expands its computerization process by establishing RISE system (RS 16000) OS/2, LAN etc. up to this time 1175 branches are on live operation. Out of 1198 branches at home, 1181 branches have already been entered in the automation network.

Automation Network : 1175 branches are on live operation. Out of 1198 branches at home, 1181 branches have already been entered in the automation network.

Foreign Remittance : Bank's own in-house software "Remittance Management System" (RMS+), having, among others, the feature of paying foreign remittance instantly over the counter is being implemented at all branches. This web based software provides digital services to the expatriates through its unique advantage of sending confirmation message to the mobile phone of the remitter/beneficiary

ATM: Sonali Bank Limited is a member of Q-Cash ATM network. At present the bank has 53 ATM booths. Sonali Bank's ATM cardholders enjoy the access to the ATMs and POS of Dutch Bangla Bank Ltd. and Brac Bank Ltd. besides those of Q-Cash consortium. Sonali Bank recently launched Credit Card.

Q-Cash ATM Network:

- Sonali Bank Limited has introduced Proprietary Debit & Credit cards.
- Card holder can easily pay utility bills like- Water, Telephone, Gas etc.
- It is easy to remit funds among the participating branches of the Bank.
- 24 hours Transactions is available.
- It is a risk less Cash Carrying facility.
- Cashless purchase can be made from specific Point of Sales (POS).
- Only designed Branches of Bangladesh deal Q-Cash cards.
- Branches of District and Upazilla level will introduce Sonali Bank Q-Cash card within shortest possible time.



3.7.2 Online and SMS Banking

At present 109 branches of Sonali Banks are included in the Online Any Branch Banking (ABB) network. SMS Banking service is running in 73 branches. The bank is seriously working on connecting all branches in the Real-time Online Banking network gradually. Branches having ABB facility are also rendering SMS banking services.



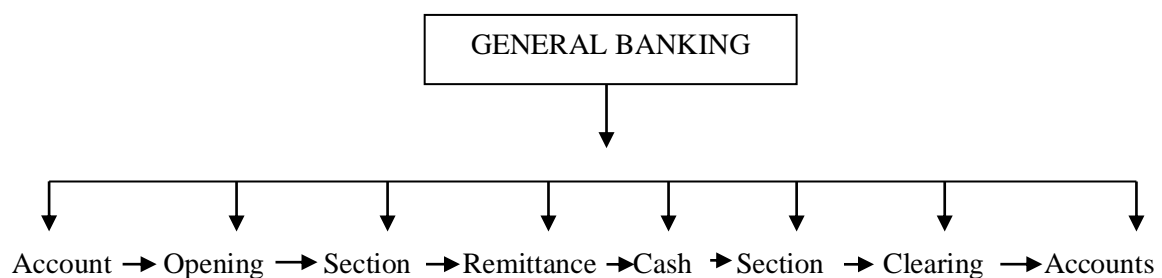
Chapter: Four General Banking Activities of Sonali Bank Ltd.

4.1 GENERAL BANKING ACTIVITIES OF SONALI BANK LIMITED

General banking provides the foundation of banker customer relationship through opening account. This is the most busy department and the daily transaction of concerned to the customers for drawing or depository money, Selling of instruments, collection of their instruments providing other additional services to them and keep customer section busy.

Officers of this dept should possess the required behaviors for optimum satisfaction of the customers. The Bank provides different type of accounts and special type of savings scheme under general Banking. For proper functioning and excellent customer service this department is divided into various section namely as follows

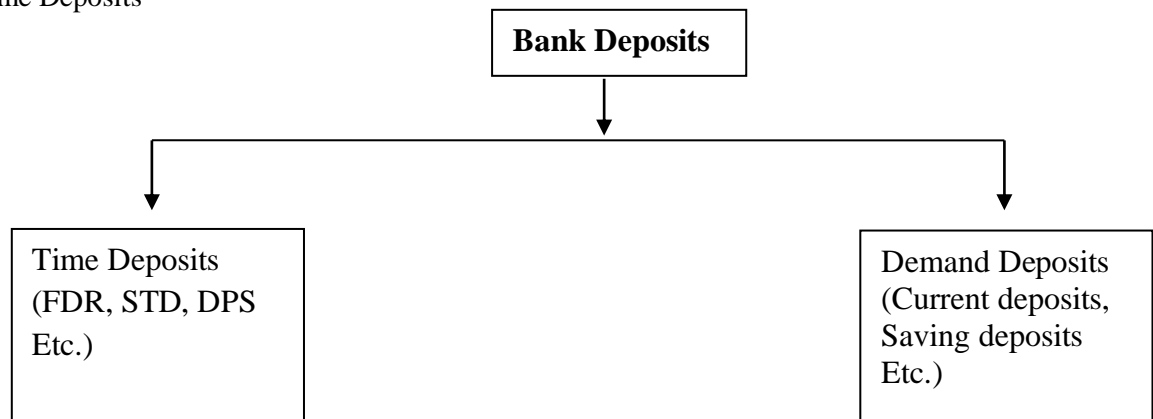
General banking department performs the core functions of bank, operates day-to-day transactions of banking operation. Every day it receives deposits from customers and meets their demand for cash. It opens new accounts, remits customer's money from one place to another through issuing bank draft, pay order, telegraphic transfer, collects all bill like Local cheque collection, Inward bill collection and outward bill collection for customers. Since bank is bound to provide these services every day, general banking is also known as retail banking.



4.2 COLLECTION OF DEPOSIT

Deposits are life-blood of a commercial bank. Without deposits there are no businesses for the commercial banks. Accepting deposits is one of the most important classic functions of commercial banks. Bank deposits can be broadly classified as follows:

1. Demand Deposits and
2. Time Deposits



Demand deposits can be withdrawn without any prior notice, e.g. current deposits. Sonali Bank Ltd, Suihari Branch accepts demand deposits through the opening of Current Account and Savings Bank Account.

On the other hand a deposit that is payable at a fixed date or after a period of notice is called 'Time Deposit'. This branch accepts time deposit through

- ✓ Fixed Deposit Receipt (FDR)
- ✓ Short Term Deposit (STD)
- ✓ Sonali Bank Deposit Scheme (SBDS)
- ✓ Sanchoy Pension Scheme (SPS)

While accepting these deposits, a contract is done between the bank and the customer. When a banker opens an account in the name of a customer, there needs a contract between them.

This contract will be valid only when both parties are agreeing to enter in to the contracts. As account opening initiates the fundamental relationship and the banker has to deal with different kinds of persons with different legal kinds of persons with different legal status and different personality and mentality, the officials of the branch remain very much cautious and vigilant about the competency of the customers.

4.3 PROCEDURES FOR OPENING OF ACCOUNTS

Before opening of a current or saving account, the customers must complete the following formalities.

1. Application on the prescribed form
2. Furnishing photographs (two copies)
3. Introduction by an account holder
4. Putting three specimen signature in the 'Specimen Signature Card'
5. Mandate (if necessary)
6. Voter ID card number.
7. Voter ID card of Nominee
8. Photograph of Nominee attested by account holder (1 copy)

After doing the above formalities, the branch provides the customer pay-in-slip and a cheque-book. The cheque-book may be off 10 pages, 20 pages, 50 pages or 100 pages depending on the type of account the customer has opened. A customer has to fill up the 'Requisition Slip' for cheque-book. Then a new cheque-book will be filled with the account number of the customer and name of the branch in each page of the cheque-book. Then name and account number of the customer are registered in the 'Cheque-book Issue Register'. The requisition slips are maintained and recorded as vouchers. The serial number of the cheque book is also entered in the computer for maintenance of records and to prevent any attempt of forgery.

4.4 APPLICATION FORM FOR CURRENT AND SAVING A/C

Followings are the contents of the application form for opening saving and Current A/C in Suihari Branch, Dinajpur-

1. Name of the Applicant:
2. Father's/ Husband's Name
3. Nationality
4. Occupation
5. Date of Birth
6. Present Address
7. Permanent Address



8. Introducer's Address
9. Information about the Nominee
10. Special Instruction for Operation of the A/C
11. Initial Deposit
12. Specimen Signature of the Applicant
13. Voter ID Number

- In the case of joint A/C the following headings are additional in the form-

1. Operational Instruction of the A/C
2. Signature

- In the case of partnership A/C, the following headings are additional in the form

1. Partners' Signatures
2. Partners' Names

4.5 RELEVANT DOCUMENTS FOR CURRENT AND SAVING A/C

Types of attached documents usually vary with the nature of the A/C being opened.

Followings are the list of documents that should be enclosed with the 'A/C Opening Form' for opening account for different kinds of A/C openers:

- In case of Club/Society:
 - a. Up-to-date list of office bearers
 - b. Certified copy of resolution for opening and operation of A/C
 - c. Certified copy of by laws and regulations/constitution
 - d. Copy of government approval (if registered)
- In case of Co-operative Society:
 - a. Copy of bylaws duly certified by the co-operative officer
 - b. Up-to-date list of office bearers
 - c. Resolution of the executive committee as regards of the A/C



- d. Certified copy of certificate of registration issued by registrar, co-operative society
- In case of Non-government College/School/Madrasha/Muktab
- a. Up-to-date list of the members of the governing body/managing committee
- b. Copy of resolution of the governing body/managing committee authorizing opening and operation of the A/C duly certified by a gazetted officer
- In case of Trustee Board
- a. Prior approval of head office of the bank
- b. Certified copy of deed of trust, up-to-date list of members of the trustee board and certified copy of the resolution of trustee board to open and operate the A/C
- In case of Minor's A/C
- a. Putting the word 'Minor' after the title of the A/C
- b. Recording special instruction of operation for the A/C
- c. The A/C opening form is to be filled in and signed by either of the parents or the legal guardian appointed by the court of law and not by the minor
- In case of Limited Company
- a. Certified true copy of the memorandum and articles of association of the company
- b. Certificate of incorporation of the company for inspection and return with a duly certified photocopy for bank's records
- c. Certificate from registrar of joint stock companies that the company is entitled to commence business (in case of public limited company for inspection and return) along with a duly certified photocopy for bank's records.
- d. Latest copy of balance sheet
- e. Extract of the resolution passed in the general meeting of the company for opening of the A/C and authorization for its operation duly certified by the Chairman/Managing Director of the company
- f. List of Directors with addresses
- g. Authorized signature



- General conditions or rules in respect of operating Current/Saving A/C in Suihari Branch are as follows
 - a. A minimum balance of Tk500 and Tk1000 must be maintained in the Saving and Current A/C respectively.
 - b. A suitable instruction by an introducer acceptable to the branch is required.
 - c. Recent photographs of the A/C openers duly attested by the introducer must be produced
 - d. Withdrawal of deposit can be made two times in a week in case of saving A/C
 - e. For Saving A/C, an application must be submitted to the branch authority if withdrawal is Tk50, 000 or more but customer rarely follow this rule.
 - f. Interest rate for saving bank A/C is 5% per year

4.6 FIXED DEPOSIT RECEIPT (FDR)

Fixed deposits are deposits in which an amount of cash is deposited in bank for a fixed period specified in advance. Hence these deposits are time deposits or time liabilities.

Normally, the money on a fixed deposit is not repayable before the expiry of the fixed period.

At the time of opening the deposit account, the banker issues a receipt acknowledging the receipt of money on deposit account. It is popularly known as FDR. Necessary documents for opening a FDR A/C in Suihari Branch are as follows-

- ✓ FDR form
- ✓ FDR card
- ✓ Photo of the Nominees attested by the A/C holder
- ✓ The 'Fixed Deposit A/C Opening Form' contains the following headings-
 - ✓ Amount in figures
 - ✓ Period
 - ✓ Rate of interest
 - ✓ Beneficiaries name and address
 - ✓ Special instruction in case of joint A/C
 - ✓ Information about nominees
 - ✓ Address of the applicants
 - ✓ Specimen signatures
 - ✓ FDR number



After opening a FDR A/C, it is usually recorded in the 'FDR Register'. In the case of Fixed Deposit Account, the bank needs not hold a cash reserve to repay money to the customers. The payment will be made after the completion of a certain period. Hence, Sonali Bank Ltd offers a high interest rate in Fixed Deposit Account. The interest rates followed by Sonali Bank Ltd for Fixed Deposit Account are-

Period	Interest rates
For 3 months to > 6 months	@8.00%
For 6 months to > 12 months	@8.50%
For 12 months to > 24 months	@9.00%
For 24 months to > 36 months	@9.50%

Normally a customer is not allowed to withdraw money before the expiry of the fixed period in case of Fixed Deposit Account. However, Sonali Bank Ltd. allows its customers to withdraw fixed deposit amount at any time after giving a short notice. In this case the customers will get interest rate by the following ways-

- If withdrawal happens before 3 months, there will be no interest.
- If withdrawal happens before 6 months, 3 months' interest rate.
- If withdrawal happens before 1 year, 6 months' interest rate.
- If withdrawal happens before 2 years, 1 years' interest rate.
- If withdrawal happens before 3 years, 2 years' interest rate.

In case of 'Before Maturity Encashment' interest rate is calculated for the days from the date of opening the FDR account. The FDR becomes renewed automatically in Sonali Bank Ltd. if the customer does not withdraw it within 7 days of maturity. In case of encashment of FDR

(Say for Tk. x) in maturity, following accounting treatments are applied-

Interest on FDR A/C -----	Cr (say Tk p)
Excise Duty on FDR-----	Dr (say Tk q)
10% income tax on interest-----	Dr (say Tk r)
FDR A/C-----	Dr (tk {x+p-q-r})
Cash A/C-----	Cr (tk {x+p-q-r})



If the customer wants to draw the interest only, then the following entries are given-

Interest on FDR A/C-----Dr

Cash A/C-----Cr

Some other important factors in case of FDR A/C are as follows-

FDR is not negotiable instrument.

The legal position of a banker in respect of a fixed deposit is that of a debtor who is bound to repay the money only after the expiry of the fixed period.

Cheques are not permitted for Fixed Deposit Account.

Fixed Deposit Accounts are subject to Income Tax Act.

4.7 SHORT TERM DEPOSIT (STD)

In Short Term Deposit Account, the deposit should be kept for at least seven days to get interest. The interest offered by for STD is less than that of savings deposit. For this type of account, frequent withdrawal is discouraged and it requires prior notice. STD is also called

‘Seven Days Notice Current A/C’.

STD Interest Rate:

Up to 10 core 3.50%

Above 10 core 3.60%

In Suihari Branch, customers are given an instruction that their current accounts will be debited whenever the deposited amount crosses a certain limit and this amount will be transferred to the STD account. The branch follows this instruction by giving the following entries-

Customer’s Current A/C-----Dr

Customer’s STD A/C-----Cr



4.8 SONALI BANK DEPOSIT SCHEME (SBDS)

According to this scheme, a person of minimum 18 years old can open any ‘Sonali Bank

Deposit Scheme A/C’ by depositing at least Tk.500 or maximum Tk.20000 in each month for 10 years term. After maturity of the term, the depositor can withdraw the total deposited amount with interest or can withdraw by monthly installment. The depositor has to deposit the specified amount for him/her by the 11th day of each month either in cash or cheque. In respect of SBDS account, the depositor can select more than one nominee for claiming the deposited money after his/her death. No joint account is allowed in this scheme.

The main characteristics of SBDS are as follows-

A system of secured income has been confirmed by SBDS for the depositor in their old age who invested money from their early incomes.

A scope of proper and exact utilization of money is possible by SBDS.

The total deposited amount with interest will be given to the investors and this is certain.

The SBDS gives the investors a chance of bearing the educational or marital expenses of their adult sons or daughters.

The total invested money in SBDS is absolutely income tax free. The earning from SBDS is not considered while charging the annual income tax.

In SBDS, a 8.5% compounding interest rate is applied and it is usually calculated on yearly basis.

Account holder can take lone on SBDS and Interest rate for loan id 2% more than SBDS rate (8.5% + 2% = 10.5%)

A depositor can withdraw the total amount of money (Principal + Interest) at the expiry of the certain period.

For SBDS, the payment systems in case of maturity of an account are as follows:

Amount of monthly installment	Period (years)	Payment in case of maturity of the period (Tk)	Total Payment (Tk)
500	10	60,000	94,609
1000	10	12,000	1,88,218
2000	10	24,000	3,75,435
5000	10	60,000	9,37,088
10000	10	12,00,000	18,73,176
20000	10	24,00,000	37,45,352

Source: Deposit Department, Suihari Branch.



4.9 SONCHOY PENSION SCHEME (SPS)

Sonali Bank Ltd. initiated this 'Sonali Bank Ltd. Sonchoy Pension Scheme' in order to improve the socio-economic conditions of the professionals of all levels. This system is based on a monthly basis. The main characteristics of SPS are as follows-

Duration of the account in this scheme is either five or ten years.

Amounts of installments are Tk.100, Tk.200, Tk.300, Tk.400 Tk500, or Tk.1000

Any person of minimum 18 years old can open a SDPS account in a specific form as provided by Sonali Bank Ltd. in any branch. No lunatic is allowed to open this kind of account.

A depositor should deposit his/her monthly installment by the 10th day of each month. If the 10th day is a public holiday, then deposit in next working day is allowed. The installment can be deposited either by cash or by cheque.

The interest rates are, for five years duration 8.5% compounding interest rate and for ten years duration 9% compounding interest rate. In both cases interest is calculated on yearly basis.

The depositor can have one or more nominees. In case of more than one nominee, the depositor can determine the portion of amount of money for each nominee.

A customer can stop operation of his/her SPS A/C at any time according to his or her own discretion. In this respect, the bank charges Tk.25 to the customer. If she/he stops the account within one year, no interest will be given. If he stops the account after one year but before three years, 5% simple interest will be given. If he cancels his account after three years but before five years, 7% simple interest will be given. If he withdraws his account after five years, then 8.5% simple interest will be given.

4.10 TRANSFER OF ACCOUNT TO ANOTHER BRANCH

The account holder requests to transfer his accounts by giving the following instructions-

Reasons for transfer the account

Address of the branch at which customer wants to transfer the account

The unutilized cheque book will be returned to the transferring branch before transfer of account.

After verification, the approval of the manager for transferring the account is obtained and then the specimen of the forwarding letter of transferee branch will be sent. After the application is



received duly approved from the manager, the branch transfer the account based on the following entries-

Customer's Account-----	Dr
Transferee Branch Account-----	Cr
Service charge (income) -----	Cr

4.11 CLOSING OF AN ACCOUNT

The following circumstances are usually considered in case of closing an account or justifying the stoppage of the operation of an account-

Notice given by the customer himself or if the customer is desirous to close the account

Death of the customer

Customer's insanity and insolvency

If the branch finds that the account is inoperative for a long period

If Garnishee Order is issued by the Court of Law on the bank branch

Before the account is closed the manager will approve the application and closing charge being incidental charge which should be debited to the account. To close the account, the cheque book is to be returned to the branch. Accounting entries will be-

Customer's Account-----	Dr
Account Closing Charge (income) -----	Cr

4.12 BANK REMITTANCE

Remittances of funds are one of the most important aspects of the commercial banks in rendering services to its customers. Among various services rendered by the commercial bank to its customers, remittance facilities are very well known and popular. The word 'Remittance' means sending of money from one place to another place through post or telegraph. Banks extend this facility to its customers by means of receiving money from one branch of the bank and making agreement for payment to another branch within the country.

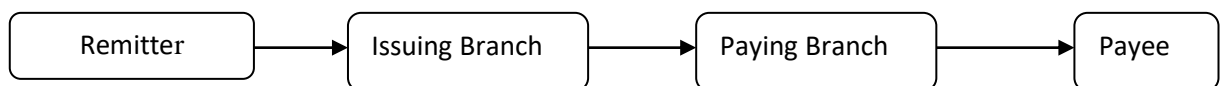
In general there are two types of bank remittance-



1. Inward remittances and
2. Outward remittances.

The remittance facilities of a commercial bank enable its customers to avoid risk arising out of theft or loss in carrying cash money from one place to another or making payment to someone in another place. Banks take the risk and ensure payment to the beneficiary by charging the customer.

Chart for Bank Remittances Flow:



Considering the urgency and nature of transaction, the modes of bank remittances may be categorized as follows-

- Demand Draft (DD)
- Mail Transfer (MT)
- Telegraphic Transfer (TT)

The following register books are maintained for remittance purpose-

- DD, MT, TT Issue Register
- DD, MT, Advice Received Register
- DD, MT, TT Payment Register
- DD Ex-Advice Payment Register

4.13 DEMAND DRAFT (DD)

Demand Draft (DD) is an instruction payable on demand. It is a negotiable instrument issued by the branch of a bank containing an order to another branch of the same bank to pay fixed sum money to a certain person or order of demand. This instrument can be purchased by a customer from a particular bank for himself and can be handed over to the purchaser for delivery to the beneficiary. The payee or beneficiary will claim the amount of money in the instrument by producing the same to the concerned paying branch.

Demand draft may be paid in cash to the payee on proper identification or the amount may be credited to his account (in case of A/C holder of the bank). Banks issue draft for nominal commission. The commission depends upon the amount to be transmitted. The purchaser of the DD needs not to be a customer or account holder of the bank.

Flow chart for a DD:

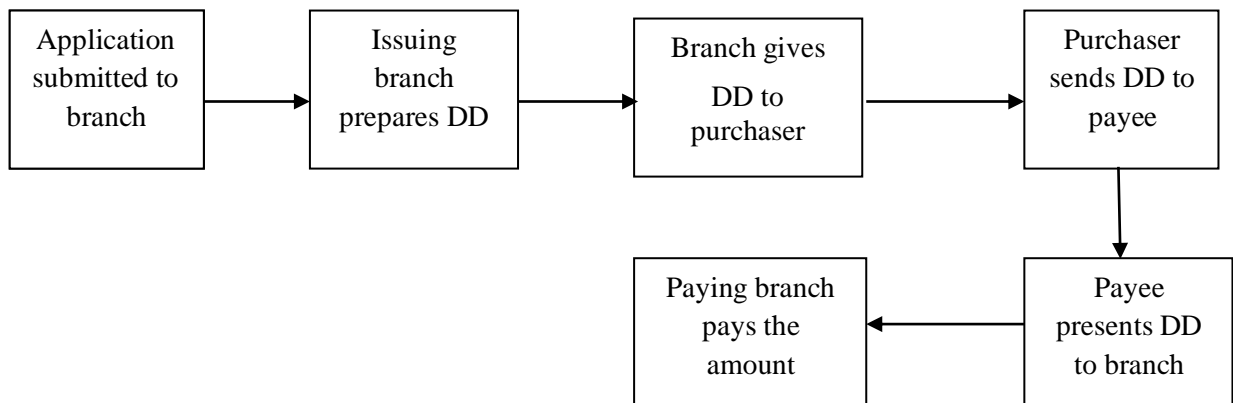


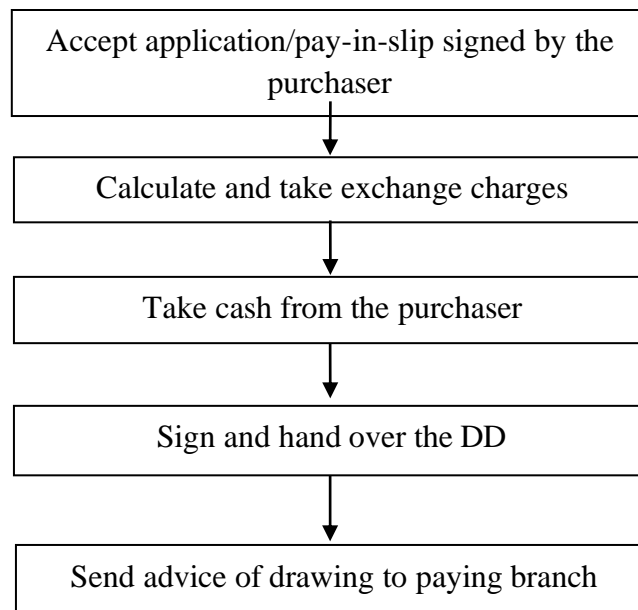
Figure: Flow chart for a DD

4.13.1 Issuing of Demand Draft:

While issuing a DD, an official must be confirmed about the existence of the branch where the DD is to be issued by the applicant or purchaser. Application on bank's prescribed form (F-117) for DD is duly filled and signed by the applicant. Thereafter, the applicant will be asked to deposit the amount mentioned in the DD and exchange/commission computed correctly at the prescribe rate. On receipt of cash, a voucher is passed and scrolled by at least two officers. Then the DD is issued and recorded in the 'DD Issue Register' filling the appropriate columns. The DD application is treated as credit voucher of SBG A/C by showing credit entry against the paying branch. For any of DD issued, a relative DD Advice is sent to paying branch where the

Advice is converted into Voucher. Suihari Branch charges Tk.1.50 for per Tk.1000 as its commission for DD. The minimum commission is Tk.15. The procedure of issuing a DD against cash could be shown by the flow chart in the following ways-

Flow Chart for DD issue against cash:



Accounting entries will be-

Customers Account-----Dr
 SBG Account-----Cr
 Income Account (Commission) ---Cr

4.13.2 Procedure of Demand Draft Payment:

After receiving the DD advices from different branches, the paying bank will verify the genuineness of the advices by verifying test numbers and signatures. Beside this, payment of drafts can be made without the advice of the issuing bank and at that time payment is called 'Acceptance Payment'.

Total amount of advice is debited to SBG A/C and credited to draft payable A/C. That is-

SBG A/C-----Dr
 Draft payable A/C -----Cr

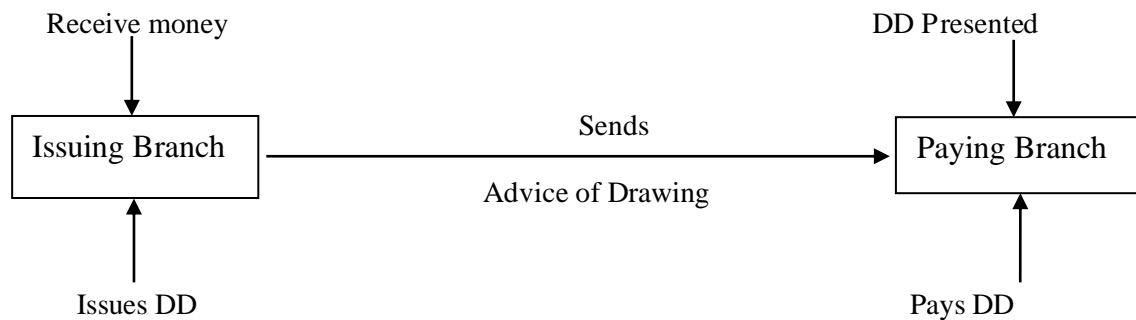
On production of DD by the beneficiary, payment will be made by the following ways-

Draft payable A/C-----Dr
 SBG A/C-----Cr

If the payment is to be made before receiving of the DD advice, DD payment is recorded in the Ex-advice payment register by debiting the Draft Payable Ex-advice A/C (DD paid without

advice). On receiving of the advice, it will be entered into the DD, MT Advice Receive Register and the amount will be credited to Draft Payable A/C. Before making payment of the DD, the paying branch will ascertain the genuineness of its issuance as well as genuineness of payee. The following flow chart depicts the payment procedures of DD-

Flow Chart for DD Payment:



4.13.3 Cancellation of Demand Draft:

In some cases, the purchaser of the bank draft may ask the issuing branch to return the amount of DD stating its non-requirement. In these cases, the issuing branch will obtain a written application from the purchaser whose signature must be tallied with the signature obtained earlier. An amount of Tk.25 be recovered from the purchaser as ‘Cancellation Charge’ and will be credited to the Commission A/C. The purchaser will acknowledge receipt of the proceeds writing the words ‘Received Payment by Cancellation’ and will sign on revenue stamp affixed on the draft. In this case, payment is made by debiting the SBG A/C and a relative cancellation advice is sent to the paying branch.

4.13.4 Issuing of Duplicate Demand Draft:

If DD is lost, the issuing branch may issue a duplicate DD. But before issuing a duplicate

DD, the branch issued to observe the followings-

- ✓ Verify purchaser’s signature on the DD application slip
- ✓ Take indemnity bond from purchaser
- ✓ Clearance from paying branch whether the DD is already paid or not to be obtained
- ✓ DD cancellation advice to be sent to the paying branch

Lastly the duplicate DD is issued and the word ‘DUPLICATE’ in red ink is stamped in the front side of the DD block.

4.14 MAIL TRANSFER (MT)

The facility of sending money by mail is available to customers who have accounts with the bank. The remitter deposits the amount that will be transferred from the remitting branch with small commission. An advice is issued by the branch to another branch for crediting the specified amount to the account of the payee maintained with the bank. It is a non-negotiable instrument and generally is not handed over to the customer rather sent through post office to the concerned branch. Remittance of money by Mail Transfer is relatively cheaper, quite safer and more convenient. Mail Transfer is effective not only within the country but also for international remittances. For local MT (say within the area of Dinajpur) special 'MT Register Book' is maintained as in like DD. MT is normally issued from branch to branch of the same bank. Normally the mail charge is Tk.15 for any amount. From tk.1 to Tk.20000 commission is Tk.20 and for above tk.1 added for every Tk.1000.

The payment procedures for MT are as follows-

1. MT is received directly from the issuing branch by post and the payee does not present it for payment.
2. The paying branch checks the name and account number of the payee in MT to determine whether it agrees with the name and account number maintained in the paying branch.
3. The paying branch verifies the signatures of the authorized officials of the issuing branch.
4. MT is entered in the 'DD, MT, TT Payment Register'.
5. No commission is deducted.
6. If everything related to MT is correct then the passing officer will pass the MT by putting signature on it and the voucher is credited to the respective beneficiary's account.

4.15 TELEGRAPHIC TRANSFER (TT)

Telegraphic Transfer (TT) is another widely used mode for remittances of funds. TT is quicker than DD or MT. If an applicant wants to remit the amount urgently to the payee in another city or district he may request the issuing branch to send it by TT. For TT a branch sends a telegram instead of airmail. The branch usually recovers from the telegram charges in addition to the usual service charges. A TT could be express or ordinary and it is always sent in coded-form. Corporate branch follows the following procedures in case of TT issuing-



1. The customer deposits money in the branch.
2. The customer obtains a cash memo containing TT serial number.
3. TT serial number, notifying party name are mentioned in the telex message.
4. The telex department confirms transmission of the telex.

Accounting entries for TT

Cash/Client's account-----Dr

SBG account-----Cr

Income account (commission) -----Cr

Procedures for the incoming TT

After receiving the telex, it is decoded at first. Then the TT serial number, test number are verified. A credit voucher in favor of the beneficiary's account is prepared and passed.

For TT telephone charge is Tk.25 and Tk.1-20000 commission is Tk.20 and above it Tk.1 added as commission for each Tk.1000. 15% vat taken on commission.

4.16 PAYMENT ORDER (PO)

Payment Order (PO) is an instrument that contains an order for payment to the payee only in the case of local payment whether on behalf of the bank or its constituents. In the beginning stage, PO was issued only to affect local payments of bank's own obligations but at present it is also issued to the customers. They purchase PO to deposit money. PO is in the form of receipt which is signed by the two officials. The money of PO is deposited to the bank's own account named 'Payment Order A/C'. Payment of this instrument is made from the issuing branch. PO is not transferable; therefore it can only be paid to-

The payee on identification

The payee's banker who could certify that amount and credit that amount to the payee's A/C

A person holding the letter of authority from the payee whose signature must be authenticated by the payee.

For below Tk.1000 the commission is Tk.20 and for Tk.1001 to Tk.100,000 the commission charge is Tk.30 and for above Tk.100,001 it will be Tk.50.



Paying Branch	Commission (Tk)	VAT (Tk)
DD	20 to 100	15%
MT	20 to 100	15%
TT	20 to 100	15%

Accounting entries: PO by cash

Cash A/C-----Dr
 Bill Payable-----Cr
 PO commission-----Cr

Accounting entries: PO by cheque

Cheque A/C-----Dr
 Bill Payable-----Cr
 PO Commission-----Cr

4.17 OPERATION OF CHEQUE

A cheque, signed by the drawer is an unconditional order in writing and drawn on a specified bank. Bank will pay a certain sum of money to the cheque bearer. A cheque involves three parties-

1. The drawer
2. The drawee (the bank) and
3. The payee (to whom the cheque is to be paid)

The following procedures are usually done for passing a cheque-

- ✓ A clerk scrutinizes the cheque for the date, the amount and the signature and then he gives the drawer of the cheque a token number and he also writes that number at the back side of the cheque. He then passes the cheque to the ledger-keeper after giving a seal.
- ✓ The ledger-keeper again scrutinizes the cheque for his satisfaction. He then debits the amount in the ledger book and passes the cheque to the authorized officer. The authorized officer verifies the signature of the account holder very carefully to protect any kind of fraudulent activities and passes it to the cash officer for payment.
- ✓ The drawer of the cheque presents the token in the 'Cash Payment Counter' and the cashier makes payment after verifying the token. The cashier may want another signature to compare with the previous one.



4.18 STOPPED CHEQUE

In case of stopped cheque the following formalities are done-

- ✓ The accountant keeps the 'Stopped Cheque Register' and reserves the pertinent documents.
- ✓ After receiving a letter or telegram for stopping the payment of cheque, the time of its receipt is noted down by the accountant.
- ✓ The ledger-keeper and the officials are also informed immediately.
- ✓ Lastly the cheque is stopped.

4.19 COLLECTION OF CHEQUE

In Suihari Branch cheques of its customers are received for collection. In case of received cheque, the following points are followed carefully-

- ✓ The cheque should not carry a date older than the receiving date for more than six months. In that case the cheque will be a 'stale cheque' and it will not be allowed for collection. Again the date of cheque should not be more than one day forward than the receiving date.
- ✓ The amount in figures and words in both sides of the pay-in-slip should be same and they will also be same in the cheque.
- ✓ The name mentioned in cheque should be same in both sides of the pay-in-slip and in the cheque.
- ✓ The cheque must be crossed.

For the collection of cheques the branch can be divided in to three sections-

1. Short Credit (SC)
2. Local Short Credit (LSC)
3. Clearing.

4.19.1 Clearing

Sonali Bank Ltd is a schedule bank. According to the Article 37(2) of the Bangladesh Bank Order, 1972, the banks that are member of the Clearing House are called as 'Schedule Banks'. The schedule banks clear the cheques drawn upon one another through the clearing house. This is an arrangement by the central bank where the representatives of the banks gather to clear the



cheques everyday. The place where the banks meet and settle their dues is called the clearing house. The clearing house sits for two times in a working day.

4.20 CLEAN CASH BOOK

The clean cash book is the abstract of each day's transactions classified under the General Ledger heading. Clean Cash Book is written to-

- Test the arithmetical accuracy of one day's transaction.
- Consolidate one day's transaction.
- Help position in the General Ledger.
- Test the closing cash balance of the branch.

The procedures for writing the clean cash book are as follows-

1. At first the writer sees that the books are checked and authenticated by the authorized officials properly.
2. The clean cash book should be checked daily from the subsidiary register by an authorized supervising official.
3. Each morning the manager will scrutinize the whole of the previous day's vouchers.
4. All vouchers should be collected by the clean cash book writer and handed over to a supervising official.



Chapter: Five **Findings, Recommendation &** **Conclusion**

5.1 FINDINGS OF THE STUDY

During my report preparation I have gone through several departments of General Banking and detected some problems from my own practical experience as follows:

1. The newly prescribed account opening form is very much informative. It takes about half an hour to properly fill in the form. When four or five people come at the same time to account opening purpose, it is very difficult for the relevant officer to provide satisfied service to the client.
2. According to some clients, introducer is one of the problems to open an account. If a person who is new in the city wants to open account, it is a problem for him/her to arrange an introducer of SB or CD account holder.
3. Lengthy process of issuing cheque book, Pay order, Bank draft cause. Job responsibilities are not specified to each and every employee of this division.
4. Insufficient modern sophisticated technology change such as use of new software there are few staff who are lacking in computer knowledge and are not efficient enough to finish every task immediately. So, before utilizing new technology proper training should be arranged.
5. Inadequate skilled manpower in sonali bank Ltd, because there is lack of proper training arrangement of employees in the general banking section. For example, most of the new recruited employees learn their job tasks by observing their senior employee.

5.2 RECOMMENDATIONS

In the light of findings, the recommendations are as follows:

1. The form should be precise with the quality information to the points of the client rather unnecessary or vague information. This can create the opportunity to serve more people in short time.
2. If the interested clients have proper documentation in favor of his/her identity then there should be probation for avoiding introducer.
3. Bank should formulate simple process for issuing cheque book, Pay order, Bank draft.
4. To hire and install sufficient modern sophisticated technology because of present market demand of the customer and the educated customers now want technology based banking but customs are confused about services.
5. To recruit sufficient skilled manpower because the bank employees should communicate properly with customers about their deposit and other schemes.

5.3 CONCLUSION

As the largest nationalized commercial bank Sonali Bank Ltd is operating every corner of the country providing the banking services to different classes of customers. The area where there is no branch of any bank of the modern competitive banking sector, there one can find a branch of Sonali Bank.

Banks play an active role for the development of the country. Sonali Bank Ltd has made commendable improvement over the past years. I am proud to get an opportunity to continue my internee and my career in my organization. I tried to gather experience in General Banking and summarize all the information within the report. It will also be helpful for the bank management if they carefully analyze the problem and consider recommendation in this paper and take necessary actions for corrective measures.

General Banking is one of the main departments of any bank. To take any banking services, one has to fulfill all the requirements of this department first. The nature of the relationship between a banker and a customer depends upon the service rendered by the personnel of general banking department. General Banking department usually give optimum services to their customers though they have some limitations. If the management of the bank can turn these limitations positively then they can attain the ultimate goal. I am certain that the experience that I get through my internship in Sonali Bank will help me a lot in my future banking profession.



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APPENDIX

Sonali Bank Limited

Highlights on the overall activities

For the year ended 31 December, 2015

SL. No.	Particulars	2015 Taka	2014 Taka
1	Authorized Capital	60,000,000,000	20,000,000,000
2	Paid-up Capital	31,200,000,000	11,250,000,000
3	Total Capital (as per Capital Adequacy)	49,785,077,287	28,281,665,616
4	Capital surplus/(deficit)	9,100,807,287	(8,957,424,384)
5	Capital Adequacy Ratio	12.24%	7.59%
6	Statutory Reserve	7,601,472,379	6,433,177,755
7	Total Assets	934,592,315,146	852,223,550,361
8	Total Deposits	778,042,688,301	685,894,589,394
9	Total Investment	322,726,926,751	270,182,392,531
10	Total Contingent Liabilities and Commitments	229,929,738,014	175,802,795,405
11	Advance Deposit Ratio	43.39%	50.07%
12	Credit Deposit Ratio	84.86%	89.46%
13	Total Import	300,142,800,000	195,892,300,000
14	Total Export	63,525,300,000	62,967,400,000
15	Operating Profit	8,547,339,905	2,971,200,579
16	Profit after tax and provision	6,054,643,525	3,580,184,237
17	Total Loans and Advances	337,554,433,143	343,450,525,505
18	Amount of classified loans	86,436,600,000	103,768,700,000
19	Percentage of classified loans and advances	25.61%	30.21%
20	Provisions kept against classified loans	52,392,580,000	70,054,500,000
21	Provision surplus/(deficit)	17,629,110	-
22	Cost of fund	8.09%	8.26%
23	Income from investment	23,136,318,700	15,536,433,969
24	Interest earning Assets	637,709,151,000	537,666,423,000
25	Non-interest earning Assets	296,883,164,000	314,557,128,000
26	Return on investment (ROI)	7.80%	7.38%
27	Return on Asset (ROA)	0.68%	0.45%
28	Return on Equity (ROE)	11.05%	9.89%
29	Earnings per Share	32.12	31.82
30	Net assets value per share (NAVPS)	190.96	444.52
31	Price Earning Ratio	N/A	N/A
32	Net Operating Income per Share	45.35	26.41

