

**AN INTERNSHIP REPORT**  
**ON**  
**GENERAL BANKING ACTIVITIES OF MARCANTILE BANK**  
**LIMITED (MBL) A CASE STUDY IN CONTEXT OF DINAJPUR**  
**BRANCH**

**An Internship Report Presented to the Faculty of Business Studies,  
Hajee Mohammad Danesh Science and Technology University, Dinajpur  
for the Partial Fulfillment of the Degree of  
Masters of Business Administration MBA (Evening) program 2015**

**SUBMITTED TO**

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**Major in Accounting Information Systems**

MBA (Evening) 1st Batch

Faculty of Business Studies



**Hajee Mohammad Danesh Science and Technology University,  
Dinajpur-5200**

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**Hajee Mohammad Danesh Science and Technology University,  
Dinajpur-5200  
May 2016**

# LETTER OF TRANSMITTAL

May 09, 2016

Rafia Akhtar

Associate Professor

Department of Management

Faculty of Business Studies

Hajee Mahammad Danesh Science and Technology University, Dinajpur

**Subject:** Submission of Internship Report.

Dear Madam,

With due respect please note that I submit the internship report on '**GENERAL BANKING ACTIVITIES OF MARCANTILE BANK LIMITED (MBL)**' as partial requirement of internship program under your direct supervision.

I have tried my best to follow your guidelines in every aspect of planning and preparing my report. I have collected data that I believe to be most important to make my report as specific as possible. This study has provided me an opportunity to increase my understanding about financial management system of a non-government organization.

So, it will be my honor if you kindly accept my internship report. I shall be pleased to answer any queries relating to this submission.

Thank You.

Sincerely Yours

**MD. MIZANUR RAHMAN**

**Id No: E-130501052**

**Major in Accounting Information Systems**

MBA (Evening) 1st Batch

Faculty of Business Studies

**Hajee Mohammad Danesh Science and Technology University, Dinajpur**

## **STUDENT’S DECLARATION**

I hereby declare that the concerned report “**GENERAL BANKING ACTIVITIES OF MARCANTILE BANK LIMITED (MBL)**” is a prepared after successfully completed my internship on Financial Management at MARCANTILE BANK LIMITED (MBL), Dinajpur-5200. I also declare that the publication is written on my internship working experience and activities. I assure that the publication hasn’t collected from any sources and books. I assure that the work will not hamper the mentioned company rules and regulation.

---

**MD. MIZANUR RAHMAN**

**Id No: E-130501052**

**Major in Accounting Information Systems**

MBA (Evening) 1st Batch

Faculty of Business Studies

**Hajee Mohammad Danesh Science and Technology University, Dinajpur**

## SUPERVISOR'S DECLARATION

I hereby declare that the concerned internship report entitled “**GENERAL BANKING ACTIVITIES OF MARCANTILE BANK LIMITED (MBL)**” is submitted by **Md. Mizanur Rahman**. Student no. E-130501052, M.B.A. Evening (Major in Accounting Information Systems), Hajee Mohammad Danesh Science and Technology University, Dinajpur- 5200, completed his internship under my supervision and submitted for the partial fulfillment of the requirement of the degree of Master of Business Administration (Evening-2015) at HSTU, Dinajpur.

I wish him every success in life.

---

Rafia Akhtar  
Supervisor  
Associate Professor  
Department of Management  
Faculty of Business Studies  
HSTU, Dinajpur

## CO-SUPERVISOR'S DECLARATION

I hereby declare that the concerned internship report entitled “**GENERAL BANKING ACTIVITIES OF MARCANTILE BANK LIMITED (MBL)**” is submitted by **Md. Mizanur Rahman**. Student no. E-130501052, M.B.A. Evening (Major in Accounting Information Systems), Hajee Mohammad Danesh Science and Technology University, Dinajpur- 5200, completed his internship under my supervision and submitted for the partial fulfillment of the requirement of the degree of Master of Business Administration (Evening-2015) at HSTU, Dinajpur.

I wish him every success in life.

---

Md. Mostafizur Rahman  
Co-Supervisor  
Associate Professor  
Department of Management  
Faculty of Business Studies  
HSTU, Dinajpur

## ACKNOWLEDGEMENT

For the very first of all I would like to express my gratefulness and harmony to the ALLMIGHTY ALLAH the supreme authority of the Universe, whom we would be nothing. Next I would like to express my kindness to my beloved parents whose continuous inspiration enrages me to make a right move in my life.

I would like to express my gratitude to my academic supervisor Rafia Akhtar, Assistant Professor, Department of Management, Faculty of Business Studies, HSTU, Dinajpur.

Her valuable suggestion and guideline helped me a lot to prepare the report in a well organized manner.

I want to thank all the officials of “**GENERAL BANKING ACTIVITIES OF MARCANTILE BANK LIMITED (MBL)**” who were involved to prepare my internship report. I would especially show my gratitude to General Manager **Md. Mamunur Rashid** of MBL Dinajpur for giving me huge time and sharing his thoughts and insights regarding their financial planning and system, project activities and strategies. I would like to thank him for giving me the required information to commence this report and for providing the permission to conduct the study. I would also like to express my gratitude to all my colleagues especially the Finance and Administration team of MBL for helping me to create this report.

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

May ALLMIGHTY ALLAH bless all of them.

## PREFACE

*We devoted our best effort and attention to gather academic knowledge from our academic books. Books are the principle source of 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 MBA with a view to the knowledge of students practically. Undoubtedly, it is a timely endeavor to make our MBA degree holders more dynamic and operational to adept with the ever changing business field.*

*My respected and honorable teacher Prof. Rafia Akthar selected the topic "**GENERAL BANKING ACTIVITIES OF MARCANTILE BANK LIMITED (MBL)**" 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.*



**GENERAL BANKING ACTIVITIES**  
**OF**  
**MARCANTILE BANK LIMITED**  
**(MBL)**

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction of Mercantile Bank limited**

Banking system is playing a crucial role in a nation's economy in modern society. Banking institution is indispensable in today's world and is very essential in the economic development of a country. Against the background of liberalization of

economic policies in Bangladesh, Mercantile Bank Limited emerged as a new commercial bank to provide efficient banking services with a view to improve the socio-economic development of the country.

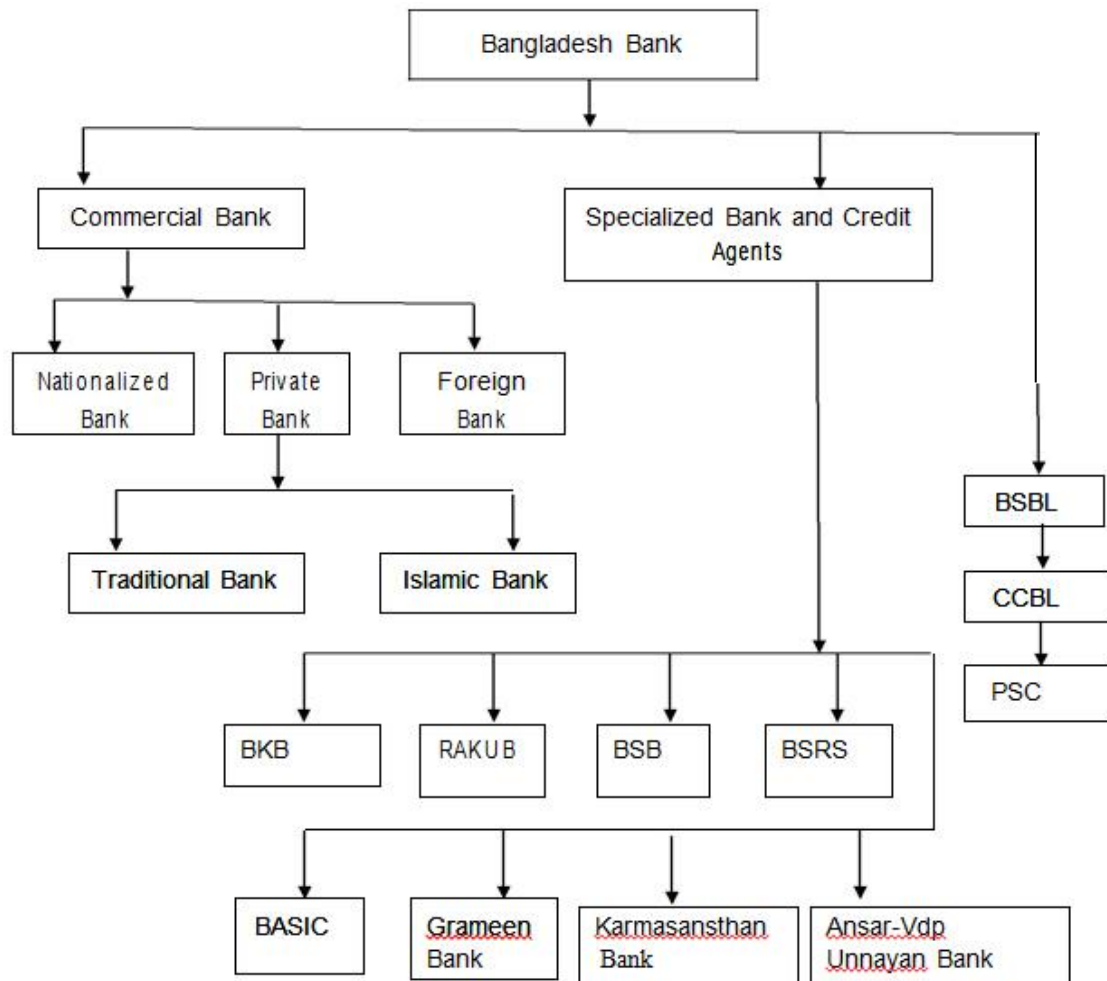
The bank brought up diversified of financial services to its individual customers and corporate clients. The Board of Directors consists of renowned personalities from the sphere of commerce and industries of the country.

## **1.2 Banking operation in Bangladesh**

The banking system began to grow in Bangladesh from the British and Pakistan periods. There were only 25 banks in 1901 and the number became 668 in 1946. Creation of Pakistan was a deterrent in the sector as was evidenced by the closure of bank branches, which came down to 148 in 1950. In 1965, the number increased and became again 545. Subsequent years showed dramatic changes in the situation and the number of bank branches increased to 1025 in 1970.

The banking system in Bangladesh started functioning with 1130 branches of 12 banks inherited from Pakistan. Subsequently these banks were nationalized and renamed after being merged into six banks. The new names of the banks were SONALI BANK (The national bank of Pakistan), AGRANI BANK (Habib Bank, commercial bank), JANATA BANK (United Bank, Union Bank), RUPALI BANK (Australasia Bank, Eastern Mercantile Bank) and UTTARA BANK (Eastern Banking Corporation).

## **STRUCTURE OF BANGLADESH BANK**



**Figure:1 Banking operation under BB**

### **1.3 History Mercantile Bank limited**

Mercantile Bank Limited emerged as a new commercial bank to provide efficient banking services and to contribute socio-economic development of the country. Mercantile Bank Limited is a scheduled Bank under the private sector in Bangladesh formed under bank company act 1991, the rules and regulation issued by the Bangladesh Bank, the company Act1994, the securities and exchange rules 1987 and other applicable laws and regulations in 1999. The Bank commenced its operation on June 2, 1999. The first branch was opened at 61, Dilkusha Commercial Area in Dhaka on the inauguration day of the Bank. The number of branches of the bank stood at 35 at the end of 2006 of which 27 branches are located at major trade centers of the country while remaining 8 branches are at the rural areas of the country with more than 700 employees. During this short span of time, the Bank has been successful in positioning itself as a progressive and

dynamic institution in our country. The authorized capital of the bank was BDT 1,200.00 million of 12,000,000 ordinary share of BDT 100 each as of June 2006. The shares of the bank have been listed both in Dhaka Stoke Exchange and Chittagong Stoke Exchange and being treated at price higher than the book value. As per guideline of Bangladesh Bank, the Bank adopted BIS (Bank for International Settlement) risk adjusted capital standards of measure capital adequacy. The Bank's capital adequacy ratio stood at 10.39% 2005 as against 10.24% in 2004.

The bank has acquired 150000 shares of International Development and Leasing Company of Bangladesh Limited (IDLC) from International Finance Corporation (IFC), sponsor of IDLC. This shareholding represents 10% of IDLC's share capital, The Bank acquired each share at BDT 863.00 against the face value of BDT 100.00, and Market price per share of IDLC stood at BDT 1007.25 as of December 2005.

The Bank provides a board range of financial services to its customers and corporate clients. About 30 famous and renowned Industrialists came forward to establish this bank. The Board of Directors consists of eminent personalities from the realm of commerce and industries of the country.

The Bank is manned and managed by qualified and efficient professionals. **Md. Abdul Jalil** selected, as a Chairman of the board of directors and **Mr. Shah Md. Nurul Alam** is the Managing Director and CEO of the bank. He brings with him a wealth of experience of managing private sector banks in the country. The board of directors consists of 13 members.

The Bank purchased a land measuring 1 bigha 2 chattaks located at Gulshan, Plot 3, Block CEN (C), Gulshan Avenue, Gulshan, Dhaka 1212, Municipality Holding 105, Gulshan Avenue, Gulshan during the year 2005 for Bank's own use. The land is under litigation and possession of the land is yet to be taken. In this connection a provision has been made as per Bangladesh Bank's instruction.

## **1.4 Timeline of the Mercantile Bank Limited:**

December 29, 2015.	Opening of 109th branch.
December 23, 2015.	Opening of 107th branch.
December 13, 2015.	Opening of 105th branch.
December 29, 2004.	Opening of 25th branch.
February 26, 2004.	Listed in Chittagong Stock Exchange.
February 16, 2004.	Listed in Dhaka Stock Exchange.
December 24, 2003.	Opening of 20th branch.
October 21-22, 2003.	Subscription of Share.
June 30, 2003.	Publication of Prospectus for IPO.
June 03, 2002.	Opening of 15th branch.
March 27, 2001.	Get permission to start business at Khatungonj.
October 29, 2000.	Opening of 10th branch.
June 02, 1999.	Commencement of Business.
May 20, 1999.	Incorporation of the Bank.

**Table : 1 (Timeline of the Mercantile Bank Limited)**

### **Assets of Mercantile Bank Limited:**

Number of Employees	1962
Number of Branches	109
Number of ATMs	127
Number of Credit Cards	5,017
Number of Debit & Prepaid Cards	71800
Total Assets (BDT in Million)	168,474.13
Number of Subsidiaries	02

**Table : 2 (Assets of the Mercantile Bank Limited)**

## **1.5 Product and Services**

### **General Banking & Deposit Management:**

1. Account opening and KYC procedures.
2. Issuance of DD/TT/PO.
3. Account section
4. Cash section

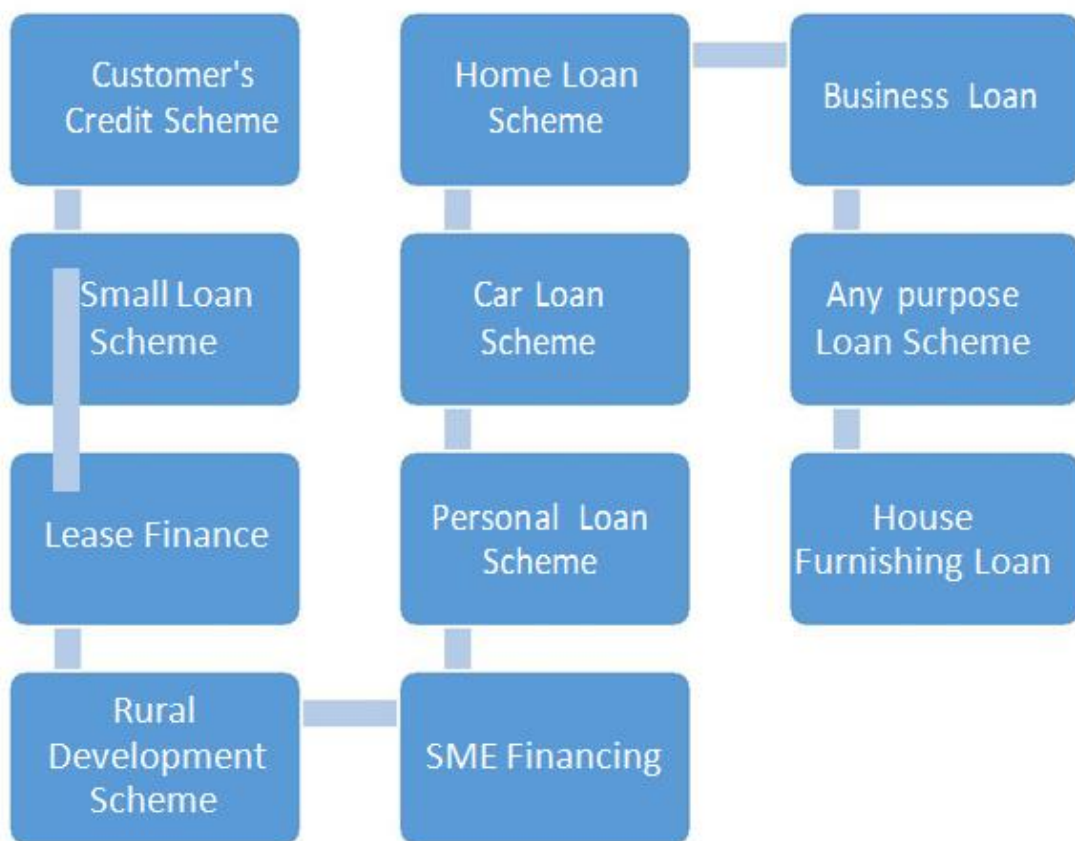


- 5. Clearing Section
- 6. IT Section
- 7. Dispatch section
- 8. Locker

**Credit Department**

- 1. Credit Proposals Processing Procedures.
- 2. Documentation and Loan Disbursement Procedures.
- 3. Overview on all returns.

**Schemes under Credit**



**Figure:2 Schemes under Credit**

**Foreign Exchange Department**

## **I. Cash L/C**

1. Opening of L/C.
2. Lodgment of Import Bill.
3. Payment against Import Bill.
4. B/E Matching.
5. IMP Reporting.

## **II. BTB L/C**

1. Export L/C Checking.
2. Opening of BTB L/C (Local/ Foreign/ EDF/ EPZ).
3. Lodgment and confirmation of maturity date.
4. Allowing of PC.
5. Payment against realization of Export Proceeds/ Forced Loan.
6. B/E Matching.
7. Reporting.

## **III. Export**

1. Scrutinizing/ Negotiation/ Send on Collection.
2. Follow-up.
3. Realization.
4. Reporting.

## **IV. Foreign Remittance**

### **□ Inward**

1. FDD.
2. FTT.

3. Others.

□ Outward

1. Endorsement of Traveling.

2. Education/ Treatment/ Others.

3. Cash Rebate.

4. FC issuing.

5. FDD/ FTT

**Corporate Structure of MBL**

Board of directors, the apex body of the bank, is responsible for formulation of policy, providing plans and supervising the performance of the management as well as accountable to its customers and shareholders. The board is assisted by the executive and audit committee.

**Board of Directors**

□ **Chairman:** Al-Haj Akram Hossain (Humayun)

□ **Vice Chairman:**

1. Md. Abdul Hannan

2. M. S. Ahsan

□ **Directors:**

1. Dr. Mahmood Osman Imam

2. Md. Shahabuddin Alam

3. Md. Anwarul Haque

4. M. Amanullah

5. Md. Abdul Hannan

6. Mohd. Selim

8.A.K.M. Shaheed Reza

9. Al-Haj Mosharref Hossain

10. Dr. Md. Rahmat Ullah

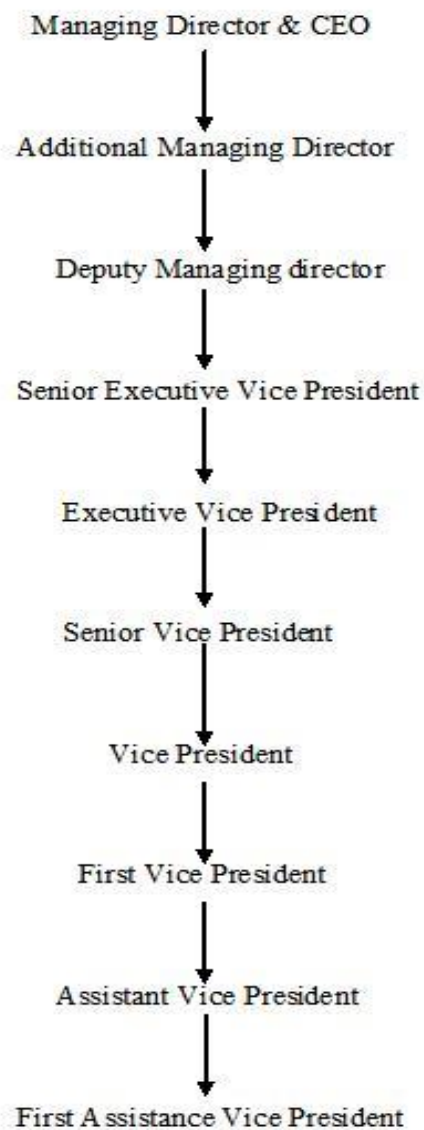
11. M Ehsanul Haque

□ **Managing Director & CEO**

Kazi Masihur Rahman

**Organogram**

The hierarchy of The Mercantile Bank Limited is as Follows:



**Figure:3 Organogram**

## **1.6 Vision for the future of MBL**

### **Vision:**

**Would make finest corporate citizen.**

### **Mission:**

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

### **Strategic Objectives:**

1. to increase shareholders' value
2. to achieve economic value addition
3. to be market leader in product innovation
4. to be one of the top three financial institutions in Bangladesh in terms of efficiency.
5. to be one of the top five financial institutions in Bangladesh in terms of market share in all significant market segments we serve .

### **Customer delight**

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

### **Innovation**

Spurring innovation for reinforcement of our business.

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

### **Ethical Values**

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

### **Caring for Human Resources**

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

### **Commitment**

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

### **Socially Responsible**

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

### **Shareholders Value**

Creation and Maximization of values for our shareholders.

### **Corporate Priorities:**

1. Ensure customers satisfaction by meeting their demands with excellent customer services .
2. Enlarge customer's freedom by designing need based banking products and services .
3. Manage credit risk by diversified loan portfolio with emphasis on SME and Agriculture financing .
4. Mitigate different risks through efficient risk management techniques .
5. Strengthen internal control and compliance (ICC) system to establish a very systematic and effective compliant culture .
6. Combination of skilled human resources and state-of-art technology in providing banking services .

# **CHAPTER TWO**

## **JOB RESPONSIBILITIES**

### **2.1 Nature**

During my 45(days)' intern period I have worked in General Banking Department. I was assigned to do some particular works;

1. Fill the customer KYC form: KYC means 'Know Your Customer'. To open any account this form is essential. And I had to fill up all type of forms and complete the full form for the posting in the software.
2. Sorting out of cheque book and DPS voucher: During the deposit time of DPS amount I was consigned to sort out the different amount of DPS so that the officers of the bank can easily give entry of the DPS.
3. Data entry at the register book: My daily routine was put the data entry of savings voucher in the register book. Besides this I also made the data entry of pay order at the register.

### **2.2 Critical analysis and recommendation**

During my full intern period I faced some problems because of the bank's typical system. That's why I will discuss my findings of the problems and try to give some suggestions according to my point of view:

- KYC form is very important to assess the customer. But manually filling of the form by the intern, the bank actually slows down its system and makes wastes of the time. Instead of filling the form by hand, the bank can introduce developed software by which the customer himself can fill up the form. By this process the officers don be bothered for filling the form. At the same time, they can save their time since they don't have to put entry the in formations of the customer.
- And the bank can give the customer their own ID and password so that customers themselves can check their balance and take statements. Because I observed checking balance and taking statements loss a lot of time of the officers.

- The bank doesn't allow the intern's access in their software. But it only increases their load. At the same time the interns cannot learn anything properly. I think, they can allow the interns a certain limit of access in their software. If they permit the interns to their software, interns can post the IPO information, DPS posting, provide services to the customers by checking balance and statement. In this way, their officers will also be freed from some of the loads.



## **CHAPTER THREE**

### **OBJECTIVE**

#### **3.1 Objective of the Study:**

The main objective of the report is to complete my internship and also to obtain an understanding of the practical banking activities and relate them with theoretical knowledge that I gained through the theoretical learning in the university and from various documents of the bank. Objectives of the study are summarized in the following manner:

1. To know about the overall banking sector in Bangladesh
2. To identify the present state of MBL
3. To know different products of the bank
4. Define the strategy and objectives of the banks.

#### **3.2 Scope of the Study**

I have gone to Mercantile Bank Limited, Dinajpur Branch for completion of the internship. But the scope of the study is only limited to this branch. I got the opportunity to learn different part of banking system. My supervisor divided the whole banking system in three parts so I got the opportunity to work in all the three divisions (General Banking Division, Credit Division and Foreign Exchange Division). But my main task was confined to general banking. That's why I have prepared the project paper on

“General Banking”. As an intern as per their IT policies scope was very limited because they do not allow the interns in their software access .But there were some scopes for everyone including interns such as; good communication system, information availability, good working environment etc.

### **3.3 Methodology**

In order to collect data for my report the task assigned to me and my observation play the lion share role. Besides this I will also depend on my working. Information about organization was also collected from different published articles, brochures, web site and previous internship report. The sources of information are:

- Observing the total situation
- Operational procedure of the bank
- Conversation with the officials.
- Data from company documents and bank's annual report
- Discussion with different clients
- Routine activities of the bank
- Bank's brochure
- Some textbooks.
- Internet searching

### **3.4 Limitations**

The report is presented on the basis of my work and information provided by the bank. Though, Mercantile Bank Limited organizational environment was very helpful, but I had to face some limitations due to their security related problems, such as;

- Time was too short.
- Different types of tasks operated by the bank.
- Due to some risky monetary transaction information was confidential because of which they could not provide enough information.
- The secondary data that have been observed in a form was not very helpful for the project paper.
- Due to the safety and security reasons, access to all the confidential data was not obtained.

## CHAPTER FOUR

### METHODOLOGY

#### **General Banking Department of MBL**

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

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

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

#### **4.1.1 Accounts Opening Section:**

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

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

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

MBL has the following types of accounts:

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

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

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

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

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

#### **Required Documents:**

1. Name of applicant(s) together with name(s) of parents and spouse(s)

2. Present and Permanent Address
3. Date of Birth
4. Nationality
5. TIN (if any)
6. Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving License / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Perished
7. Two copies of recent passport size Photographs of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder

This account has been designed and developed for savers who want to save their income. There are restrictions of withdrawal in both amount and frequency. Here the interest rate is 3.5%.

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

This account has been designed and developed for savers who want to save their income. There are restrictions of withdrawal in both amount and frequency. Here the interest rate is 3.5%.

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

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

#### **Required Documents:**

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

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

#### **4.1.4 Fixed Deposit (FDR) Account**

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

Payment against FDR can also be made to nominee or assignee after observing essential formalities.

#### **Different types of FDR Account:**

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

#### **4.1.5 Opening of Fixed Deposit Account:**

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

#### **FDR Rates:**

<b>Period</b>	<b>For any Amount</b>
01 Month	3.5%
3 Months	5.50%
6 Months	5.75%
12 Months	6.00%

**Table : 3 (FDR Rates)**

#### **Required Documents:**

1. Name of applicant(s) together with name(s) of parents and spouse(s)
2. Present and Permanent Address
3. Date of Birth
4. Nationality
5. TIN (if any)
6. Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving License / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Perished
7. One copy of recent passport size Photograph of account holder duly attested by the Introducer
8. One copy of Passport Size Photograph of Nominee duly attested by the Account Holder

### **4.1.6 Special Noticed Deposit Account**

Any individual or corporate body can open Special Notice Deposit Account, which is an interest bearing deposit account, for a short period of time. However, 7 days of notice is required if the customer wishes to withdraw money from this account.

Interest rate on SND accounts will be varied based on the amount and not on the customer or tenure.

#### **Features and Benefits:**

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

#### **Charge**

BDT 1 Lac to Less than BDT 1Cr.	BDT 1 Cr. to less than BDT 25 Cr.	BDT 25 Cr. to less than BDT 50 Cr.	BDT 50 Cr. to less than BDT 100 Cr.	BDT 100 Cr. and above
4.00%	4.50%	5.00%	5.50%	6.00%

**Table : 4 (Charges)**

### **4.2.1 Deposit Schemes**

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



country which takes the country on road to progress and prosperity.

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

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

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

**Double Benefit Deposit Scheme (DBDS)**

Objectives

1. Give maximum benefit.
2. Help in meeting specific needs like education, marriage etc.
3. Deposit becomes double in 10 Years

Mode

Tenure of the deposit is 10 Years

Rates

<b>Tenure</b>	<b>Effective Interest Rate</b>
---------------	--------------------------------

10 Years	8.50%
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### **Monthly Saving Scheme (MSS)**

#### **Objectives**

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

#### **Mode**

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

#### **Installment & Benefits**

<b>Period</b>	<b>Simple Interest Rate</b>	<b>Effective Interest Rate</b>
3 Years	9.004%	9.38%
5 Years	9.004%	9.38%
8 Years	9.004%	9.38%
10 Years	9.004%	9.38%

**Table : 5 (Installment & Benefits)**

#### **Other Features**

1. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme
2. In case of pre-mature encashment before 03 years, interest will be paid on Savings Account Rate. But in case of early encashment before 08 or 10 years the depositor will get full benefit up to previous slab and Savings Account Rate for each subsequent year; no interest will be paid for fraction year
3. Loan processing fee be realized BDT 50.00 only and stamp costs also be realized

## **4.2.2 Quarterly Benefit Deposit Scheme**

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

### **Rates**

<b>Particulars</b>	<b>Rate</b>
QBDS	7.76% (Tk. 1875/- per Lac)

### **Other Features**

1. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme
2. In case of premature encashment interest will be paid on Saving A/C Rate. However, no interest shall be paid if premature encashment take place before expiry of 1 (one) year.
3. In the event of death of the depositor before the maturity, the deposit account may be encased (premature) as per rule or may be continued up to maturity on written approach by the nominee(s).
4. A saving account will be needed to be maintained to receive quarterly benefit payment.
5. Loan may be granted up to maximum 80% of the forced encashment value on the date of loan processing. During the period of continuation of loan, quarterly benefits will be credited only to loan account
6. Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized

### **4.2.3 Times Benefit Deposit Scheme**

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

#### **Other Features**

1. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
2. In case of premature encashment interest will be paid on Saving A/C Rate. However, no interest shall be paid if premature encashment take place before expiry of 1 (one) year.
3. In the event of death of the depositor before the maturity, the deposit account may be encased (premature) as per rule or may be continued up to maturity on written approach by the nominee(s)
4. A saving account will be needed to be maintained to receive quarterly benefit payment.
5. Loan may be granted up to maximum 80% of the forced encashment value on the date of loan processing. During the period of continuation of loan, quarterly benefits will be credited only to loan account.
6. Loan processing fee be realized BDT 50.00 only and usual stamp costs also be realized.

### **4.2.4 Education Planning Deposit Scheme**

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

enhance shareholders' value. Furthermore, Bank's declaration to bear all expenses relating to death of the customer would also broaden the Bank's

Corporate Social Responsibility (CSR) as well.

#### Rates

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

#### Features

1. Minimum installment amount per month will be BDT 1,000.00 (One thousand) or multiples thereof.
2. **Interest Rate:** For 10 years – 8.90% monthly rest basis, Effective Rate: 9.27% For 15 years – 8.90% monthly rest basis, Effective Rate: 9.27%
3. Minimum Tenor of this scheme is 10 years and Maximum 15 years.
4. This scheme has two period
  - a. Deposit periods: Customer will deposit for 10/15 years
  - b. Monthly benefit period: Customer is entitled to monthly benefit.
8. At the end of monthly benefit period customer will be paid back his/her deposited amount i.e. BDT 1.20 lakh for 10 years and BDT 1.80 lakh for 15 years for installment size of BDT 1,000.00 (one thousand) only.
9. For pre-mature encashment during the monthly benefit period amortization amount (onetime due less deposited amount divided with number of monthly benefit entitlement year) will be deducted for each year of lapse. Any fraction year will be treated as later/next round year (Example: one day after year two will be treated as 03 years)

#### **4.2.5 Super Benefit Deposit Scheme**

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

## **Rates**

<b>Particulars</b>	<b>Rate</b>
SBDS	7.67% (Tk. 1,000 per month per 180,000/-)*

## **Features**

1. Minimum Deposit amount would be BDT 180,000.00 (One Lac Seventy Thousand) or multiples thereof
2. The tenor of the scheme would be one (1) year and renewable at mutually agreed rate.
3. Customer will not be entitled to any interest in case of pre-mature encashment i.e. all benefits given will be deducted from principal.
4. Benefits can be drawn monthly / quarterly / half yearly or at maturity

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

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

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

- A. All the procedure for issuing a new cheque book for existing account is same as the procedure of new account. Only difference is that customer has to submit the requisition slip of the old cheque book with date, signature and party's address. Computer posting is then given to the requisition slip to know the position of account and to know how many leaf/ Leaves still not used. The number of new check book is entered on the back of the old requisition slip and is signed by the officer.
- B. If the cheque is handed over to any other person, then the account holder an acknowledgement slip is issued by the bank addressing the account holder with details of the checkbook. This acknowledgement slip must be signed by the account holder and returned to the bank. Otherwise the bank will not honor any cheque from this checkbook.
- C. At the end of the day all the requisition slips and application forms are sent to the computer section to give entry to these new cheques.

### **4.3.3 Transfer of an Account**

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

### **4.3.4 Closing of an Account**

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

- A. Notice given by the customer himself
- C. Death of customer
- D. Customer' s insanity and insolvency

#### E. Order of the court / Injunction of the court

An application to close the account from customer is received.

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

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

### **4.4 Remittance Section**

Cash handling from one place to another is risky. So, bank remits funds on behalf of the customers to save them from any mishaps through the network of their branches.

There are four modes of remitting money from one place to another. These are–

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

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

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

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

1. Customer is supplied with PO form
2. After filling the form, the customer pays the money in cash or by cheque
3. The concerned officer then issues PO on its specific block. This block has three



parts; one for bank and other two for the customer. ‘A/C Payee’ crossing is sealed on all Pay Orders issued by the bank

4. The officer then writes down the number of the PO block on the PO form
5. Two authorized officers sign the block.
6. At the end, customer is provided with the two parts of the block after signing on the back of the Bank’s part.

**Procedure of Payment of PP:**

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

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

**Commission and VAT on PO:**

<b>Amount</b>	<b>Commission</b>		<b>VAT</b>
Up to Tk. 10,000	@ 20%	Tk. 25	4
From 10,001 to 100,000	@ 20%	Tk. 50	8
From 100,001 to 500,000	@ 20%	Tk. 100	15
Above Tk. 500,000	@ 20%	Tk. 150	23
Cancellation or Duplicate Issue of Pay Order		Tk. 100	

**Table : 6 (Commission and VAT on PO)**

**4.4.2 Demand Draft(DD) Issue**

Sometimes customers use demand draft for the transfer of money from one place to another. For getting a demand draft, customer has to fill up an application form which contains date, name, and address of the applicant. There also contains signature of the applicant, cheque number (if cheque is given for issuing the DD), draft number, name of payee, name of the branch on which the DD will be drawn and the amount of the

DD. The form will be duly signed by the applicant and by the authorized officer.

MBL charges .15% commission on the face value of DD as service charge.

**Process of issuing Local draft:**

Followed procedures are followed while issuing local draft-

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

**Issue of Duplicate Draft:**

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

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

- Verify the purchaser's signature on the request letter from the signature appearing on the original application form.

- Immediately issue a stop payment instruction to the drawee branch under advice of head office and obtain confirmation of non-payment the L.D .in acquisition.
- After the drawee branch has acknowledged the stop payment order and confirmed that the local draft in acquisition remains unpaid at their end, the issuing branch.
- Should obtain an indemnity Bond on stamp paper as per prescribed format from the purchaser duly signed by him. The branch will thereafter write to head office for their approval to issue a duplicate draft.
- The head office on receipt of the request from the issuing branch will immediately issue a caution circular to all the branches regarding the lost of the local draft asking them to record stop Payment.
- The head office will thereafter issue clearance to the issuing branch for issuing for issuing a duplicate draft in lieu of original reported lost.

#### **4.5 Account Section:**

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

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

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

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

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

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

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

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

#### **4.6 Clearing House**

According through the 37(2) of Bangladesh Bank Order 1972, which are the member of the clearing house, are called as Scheduled Bank. The scheduled banks clear the cheques drawn upon one another through the clearinghouse. This is an arrangement by the central Bank where every day representative of the member banks gather to Clear the cheques. Banks for credit of the proceeds to the customer's account accept cheques and other similar instruments. The banks receive many such instruments during the from account holders. The whole process of collection and payment would involve considerable labor, delay, risk and expenditure. All the labor, risk, delay and expenditure are substantially

reduced by the representative of all the banks meeting at a specified time, for exchanging the instruments and arriving at the net position regarding receipt of payment.

The place where the banks meet and settle their dues is called the Clearinghouse.

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

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

### **Outward Clearing Bills:**

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

### **Procedure:**

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

8. These instruments are sent to the clearinghouse by messenger.

### **Inward Clearing Bills:**

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

If cheques are returned -

- Other branch sends an IBDA to Mohakhali.

### **Procedure:**

1. When instruments are sent to the bank via clearinghouse, it is entered into the clearing register.
2. The officer checks the instruments thoroughly before it is sent to the computer section for posting.
3. If any kind of error is found in any instrument it is dishonored and sent back with appropriate reason for doing so.
4. The information is then sent back to the clearinghouse for taking appropriate action.

### **4.7 Cash Section**

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

sensitive part of the Bank. Because every operation is done on the base of this section.

### **Cash Receipt**

1. Firstly, depositor fills up the Deposit in Slip. There are three types of deposit in slip in this branch. One for Savings Account, one for Current Account and another for Term Deposit Account.
2. After filling the required deposit in slip form, depositor deposits the money.
3. Cash Officers receives the money at cash counter, count it, enter the amount of money in the scroll register kept at the counter, seal the deposit in slip and sign on it with date.
4. Then this slip is passed to another officer who enter the scroll number given by the cash counter in his/her register along with the amount of the money. Sign the slip and keep the bank's part of the slip. Other part is given to the depositor.
5. All deposits of Savings and Current account are maintained by one officer and other accounts by another officers.
6. Entries of both of these registers are cross checked with the register kept at the cash counter to see whether the transactions are correct or not.
7. At the end the officers count the money they received to check whether the amount matched with the total or not.

### **Cash Payment**

1. A person first gives the cheque to the officer at computer desk to know the position of the cheque and posting of the cheque. If the account has sufficient fund, the computer in charge will post it into the computer, will sign it and seal it.
2. This cheque is given to the concerned officer. There are two officers who sitting at the counter verify the cheques – one for Savings and similar types of account and another for Current and similar types of account.
3. After receiving the cheque, respective officer first checks it very carefully for any

kind of deceptive activity. He also checks the date of the cheque, amount in word, amount in figure and signature of the drawer.

4. If everything is Ok then, the respective officer will request the bearer to sign on the back of it.
5. He will then put his/her initial beside the bearer's signature. He will also sign it on its face, will write down the amount by red pen and will put on a scroll register. It is known as passing of cheques.
6. Then the cheque will be sent to the cash counter. At the cash counter bearer will be asked again to sign on the back of the instrument.
7. The cash officer will then enter the scroll number in his/her register and will pay the money to the bearer.

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

#### **4.8 Dispatch Section**

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

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

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

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



The main objective of this section is –

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

**Books Maintained:**

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

**Others Department**

MBL has many more activities other than general banking. The bank tries its best to provide the better services to its customer. That's why it provides locker services to customers for their safety and secured life. It also starts its online banking so that the customers don't have to face any hassles for their safe and quick transitioning. It also open mobile banking service as "MY CASH". Besides these services MBL operates two most important departments; Foreign Exchange service and Credit facilities.

The other services provided by MBL to its customers are:

1. Foreign Exchange Department
2. Credit Department
3. MBL Card Service
4. Locker Service
5. Online Banking

**4.9 Credit Department**

Mercantile Bank Limited is a new generation Bank. It is committed to provide high

quality financial service/products to contribute to the growth of GDP of the country by which trade and commerce will stimulate, accelerating the pace of industrialization,boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and overall sustainable socio-economic development of the country.

In achieving the abovementioned objectives of the Bank, credit operation of the Bank is of supreme importance as the greatest share of total revenue of the Bank is generated from it, maximum risk is centered in it and even the very existence of Bank depends on sensible management of its credit portfolio. The failure of a commercial

Bank is usually associated with the problem in credit portfolio and it's less often the result of shrinkage in the value of other assets. As such, credit portfolio not only features dominant in the assets structure of the Bank, it is critically importance to the success of the Bank also.

The word is “credit” means “I believe”. The term credit may be defined broadly or narrowly. Speaking broadly, credit is finance made available by on a party (lender, seller, or shareholder/owner) to another (borrower, buyer, corporate or non-corporate firm). More generally the term credit is used narrowly for debt finance. Credit is simply opposite of debt. Debt is obligation to make future payment. Credit is the claim to receive the payments. Both are created in the same act of borrowing and lending.

#### **Credit Approval Authority:**

The Senior Management of Mercantile Bank Limited has the authority to individual credit analyst and credit manager. Loan Administration Division also keeps the copies of all Delegation of Lending Authorities.

#### **Approval Process:**

Credit approval should be centralized within the credit function. Regional credit centers may be established, however, the Head of Credit Division, Head Office, Dhaka must approve all large loans. Any credit proposal that does not comply with Lending

Guidelines, regardless of amount, should be referred to Head Office for approval.

**Credit Administration:**

After approval, Credit Team send application to the Credit Administration Division with the security and other documents under Operation Unit for processing. The Credit

Administration function is critical and so it is difficult in ensuring that proper documentation and approvals are in place prior to the disbursement of loan facilities.

Under Credit Administration there may be two-sub unit, Documentation & QC and Loan Administration department who will process the document and disburse the loan.

**Credit Documentation:**

Credit Documentation Department is responsible for:

- a) To ensure that all security documents complies with the terms of approval.
- b) To control loan disbursements only after all terms and condition are approval have been met and all security documents as per the checklist are in place.
- c) To maintain control over all security documentation.
- d) To monitor borrower's compliance with agreed terms and conditions, and general monitoring of account conduct/performance.

Mercantile Bank Limited, Credit Division provide the following loans and advance facilities to their clients:

- 1) Secured Over Draft (SOD).
- 2) Lease Finance.
- 3) Payment Against Documents (PAD) Cash.
- 4) Cash Credit (CC Hypo).
- 5) Personal Loan.
- 6) Loan Secured.
- 7) Small Loan Scheme.
- 8) Consumer Credit Scheme (CCS).

- 9) Car Loan.
- 10) House Building Loan.
- 11) Loan Against Trust Receipt (LTR)
- 12) Small & Medium Enterprise (SME) Loan.

To enjoy the above loans and advance facilities clients has to provide some documents to the bank according to their purpose. Cause different loans have different documents requirement charge documents.

#### **4.10 MBL Card Service:**

MBL provides the following services to its customers:

No Cash Withdrawal Fee: For withdrawals of cash from MBL ATM by MBL cardholders no cash advance fee is necessary and from any other e-cash ATM the fee is Tk.10 only. MBL is the only bank offering such unique facility. Moreover, our VISA cardholders can also withdraw cash from any Visa logo ATM locally and internationally

Acceptability: International/Dual card is accepted all over the world at millions of outlets and ATMs. A Dual card is also accepted in most of the big cities like Dhaka, Chittagong, Khulna, Rajshahi, Sylhet at more than 10,000 outlets including 4500 pos. It covers various kinds of merchants like hospital, hotel, restaurant, department store and has accessibility to any outlet having VISA logo.

Overdraft Facilities: overdraft facilities up to 80% of the credit card limit may also be allowed for payment of the installment of scheme deposit with our Bank.

Dual Card (two in one): Single card with double benefits. No hassle to carry two cards (local and international). A single credit card can be used both locally and internationally to withdraw cash from ATM for POS transaction. This is the special feature of MBL visa card.

Debit card: Visa debit card is mainly tagged with deposit account (CD/SB/STD) that is automatically debited from the A/c having available balance. Debit card can also be used for purchasing goods, services, payment of utility bills etc as well as withdrawal of cash from ATM.

Pre-Paid Card: Those who have no account with MBL may avail pre-paid card facilities. The Pre-Paid cardholders pay first buy later. Pre-Paid card offers the convenience and security of electronic payment in situations where one might otherwise use cash, such as birthday gift or a monthly allowance for a young adult. Examples include gift cards and salary payment etc.

Credit card Facility: Mercantile Bank Ltd. visa credit card offers maximum 45 days credit facilities free of interest and minimum payment is 5% of outstanding billing payment for easy repayment and convenience of the customers.

Supplementary Card: A principal cardholder (local) may apply for more than one supplementary card where one supplementary card is free. Expenses made by supplementary card will be charged to the principal card.

Advance against credit card: MBL cardholder can take advance as term loan up to 50% of the card limit to be repaid on the monthly installment basis. Any POS transaction over TK. 20000 but not exceeding 50% of the credit limit is convertible to Personal loan/CCS and to be repaid on monthly installment basis. Repayment period of such loan may be from 6 months to 36 months.

Overdraft Facilities: overdraft facilities up to 80% of the credit card limit may also be allowed for payment of the installment of scheme deposit with our Bank.

Payment of Utility Bill: Payment of utility bills like telephone bills, gas bills, electric bills, water bills, may be settled by card

#### **4.11 Online Services:**

Online Banking have been activated in all Branches of the Bank from January 01, 2006.

**Online service is now available for all customers** - Both Cash deposit and withdrawals, Cheque Deposits and Transfer in CD, SB, STD, Loan accounts (Cheque

Bearing within limit) and Monthly Savings Scheme (MSS).

For Monthly Savings Scheme (MSS) Free. Yearly service charge is not applicable.

#### **Account wise Online Banking Limit (Cash Withdrawal, Deposit & Transfer):**

**Maximum Deposit Limit:** No Limit for On-Line Cash Deposit Transaction per day

perclient.

**Maximum Withdrawal Limit:** Tk. 300,000.00 per transaction

Charges for Online Banking

<b>Intra City*</b>	<b>Inter City**</b>	<b>Mode of Realization</b>
Free	Free	Up-front Cash

\* **Intra City Transaction:** Branches under Same City Corporation Areas \*\*

**Inter City Transaction:** Branches outside City Corporation Areas

## CHAPTER 5

### **5.1 Findings**

- The cash counter is congested.
- There are no IT officer in the branch which create problems sometimes.
- Sometimes there are some big parties come for opening an account with a high officials reference and they don't submit all the papers which is required for opening an account. I think, in this case the authority is violating the rules.
- Most of the time introducer is important for opening an account. If a person come to the locality as a very new person and they want to open an account, so it becomes a big problem for them to manage an introducer.

For achieving the specific objective of this study, I will collect the related data both from primary & secondary sources. For the primary sources of data collection customer's opinion will be collected through questionnaire and also personal observation. I also use secondary data from the reports of MBL, different papers of MBL, journals, website of MBL ([www.mblbd.com](http://www.mblbd.com)).

#### **Primary data:**

- Conservation with different clients and officials of the bank.
- Observing the total environment
- Observation while working in different desk

#### **Secondary data**

- Brochure of MBL
- Net Searching
- Annual reports of the bank
- Website of the MBL ([www.mblbd.com](http://www.mblbd.com)).

### **5.2 Limitation**

As I have received co-operation from the concerning body but it was very hard to discuss with them because most of the time they were busy with their work. It was impossible for me to gather the information about the policy of decision making and their business strategy of MBL because the administrative authority will not allow knowing about that information.

### **5.3 Recommendation**

In 45 days internship program in Mercantile Bank Ltd. Dinajpur Branch , I have worked in accounts opening section, local remittance section, collection section, cash section, clearing section. Each of this aspects has been described in my report which is all about General Banking Department.

In this time period I gain some experience about MBL and I want to recommend something and those suggestions are:

Bank should offer more facilities to the customers such as credit card, visa card, ATM machine etc.

As the clients are not that much interested in introducing system, so the officer should consider them and introduce them in the time of account opening

The bank should establish more ATM booth in another place of Dinajpur city as well as the other side of the country

The bank should open more online services and other services for competing the market

The bank should open strategic promotional program on their products

The officers of the bank should have to arrange more training program on the upcoming update of the computer

The should start more branches in the Dinajpur Zilla as well as the other cities of the country

### **5.4 Conclusion:**

Although Mercantile Bank Limited is a second generation bank in the private sector, within a very few time it has already acquired a leading position. This bank is much more effective than others to identify the weakness it carries as well as to solve them very effectively. Mercantile Bank Limited has started its operation in June 1999. But pretty soon afterwards, within few months, the Bank has taken up the challenge to start sound banking operations. From its inception the bank has proven itself to be worthy of its slogan of 'Bank with a Difference', through successful operation of Banking. From the previous records and discussion, we can conclude that the "Modern Business Management" is essentially applied in this organization.

Foreign remittance inflow of a developing country like Bangladesh has greater impact on the economy of the country. GDP, export, import has greatly affected by the revenue generated from the inflow. The trend of remittance inflow shows that the remitting



amount is gradually increasing through years, which is a positive sign for the country. Remittance contribution of GDP, export and import is also higher in the recent years than the past, which is also a good sign. If the unrecorded remitting amount can be counted the share of contribution can be recorded more higher than now. Therefore, remittances through illegal channels, i.e. from unofficial channels needed to be reduced for the economic development of the country. It has a wide range of area. “**General Banking Of Mercantile Bank Limited**” is my assign project. So, I worked in the foreign division, side by side I learnt other banking operation. Lending is the core function of commercial bank. For a bank, proper remittance flows are most profitable assets. The largest portion of operating income is derived from lending. A commercial bank, usually wins over its competitors only on the quality and quantity of remittance flow. It is therefore, indispensable for a bank to have a well thought policy for exacting its remittance operation.

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